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This is a supplementary prospectus intended to be read with the replacement prospectus dated 6 July 2015 relating to the shares of Timah Resources Limited

TIMAH RESOURCES LIMITED
ABN 69 123 981 537

SUPPLEMENTARY PROSPECTUS

1. IMPORTANT INFORMATION

This document is a supplementary prospectus (**Supplementary Prospectus**) and supplements the Replacement Prospectus dated 6 July 2015 (**Replacement Prospectus**), issued by Timah Resources Limited (ACN 123 981 537) (**Timah**). This Supplementary Prospectus is to be read together with the Replacement Prospectus, which is attached as Annexure B.

This Supplementary Prospectus is dated 12 August 2015 and was lodged with ASIC on that date. ASIC, ASX Limited and each of their respective officers take no responsibility for the contents of this Supplementary Prospectus.

Unless otherwise indicated, the terms and abbreviations defined in the Replacement Prospectus have the same meaning in this Supplementary Prospectus. Other than as set out below, all details in relation to the Replacement Prospectus also remain unchanged.

2. EFFECT OF THIS SUPPLEMENTARY PROSPECTUS

Timah must give Applicants under the Replacement Prospectus who have lodged applications prior to the date of this Supplementary Prospectus certain options as required by section 724(1) of the Corporations Act 2001 (Cth) (**Corporations Act**). These options include repaying money received from Applicants under the Public Offer in accordance with section 724(2) of the Corporations Act.

Timah has decided to refund the Subscription Amounts already paid by Applicants under the Public Offer. Timah invites those Applicants to re-apply for Shares by resubmitting the Application Form attached to this Supplementary Prospectus as soon as possible.

3. ADDITIONAL CAPITAL COSTS AND DELAY FOR CONSTRUCTION OF BIOGAS POWER PLANT

3.1 Background

Timah has been informed by Cash Nexus (M) Sdn. Bhd. (**Cash Nexus**), the vendor of Mistral Engineering Sdn. Bhd. (**Mistral**), that the details of capital expenditure required to upgrade the Plant owned and operated by Mistral to a capacity of 3.5MW, in addition to the capital expenditure required to complete the works under the Plant Upgrade Contract with Veolia described in sections 3.13 and 12.4 of the Replacement Prospectus (for which Mistral has agreed to pay Malaysian Ringgit (**RM**) 6,350,000), were unintentionally omitted from the Replacement Prospectus. The aggregate capital expenditure for the Plant Upgrade, including already agreed amounts and anticipated amounts, is a total of RM19,651,494 (approximately Australian Dollars (**AUD**) 6.7 million on an exchange rate of RM1 = AUD0.34) in total. Please see sections 3.2 and 3.3 of this Supplementary Prospectus for a breakdown of the amounts.

In addition, as a result of an earthquake that hit the Sabah region of Malaysia where the Plant is situated, Mistral is undertaking a review of the design for the Plant Upgrade which will delay the construction and completion of those works. Please see section 3.3 of this Supplementary Prospectus.

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3.2 Agreed capital expenditure

The agreed cost of the capital expenditure for the whole upgrade of the capacity of the Plant to 3.5MW is described in the table below.

Works required	Provider	RM	AUD*
4th gas engine	Multico Enviro (M) Sdn Bhd	1,548,000.00[1]	526,320.00
Grid interconnection	Kejuruteraan Letrik Seri (M) Sdn Bhd	6,300,000.00	2,142,000.00
Upgrading	Veolia (see Plant Upgrade Contract)	6,350,000.00	2,159,000.00
Scrubber	Climate Energy Sdn Bhd	1,528,000.00	519,520.00
Chiller	Talent Refrigerator, Air-Cond & Elec Engineering	116,494.00	39,607.96
Heat Exchanger	Climate Energy Sdn Bhd	643,000.00	218,620.00
Total		**16,485,494.00**	**5,605,067.96**

* Calculated on an exchange rate of RM 1 = AUD 0.34.

Please refer to Annexure A of this supplementary prospectus for a summary of the key terms of the contracts which apply to the works described above (other than the Plant Upgrade Contract, which is summarised in section 12.4 of the Replacement Prospectus).

3.3 Anticipated capital expenditure

Mistral has also made provision for the additional sums set out in the table below. The actual amount payable in relation to these works and parts may be more or less than the amounts disclosed above (which is the best estimate of the Incoming Directors at the date of this Supplementary Prospectus).

Works required	Expected Provider	Estimated RM	Estimated AUD*
Electrical work for 4th gas engine	Standard Electric Sdn Bhd	166,000.00[2]	56,440.00
Civil and structural work	Top Megacity Sdn Bhd[3]	1,000,000.00	340,000.00
Others (tank, piping and etc)	Various	2,000,000.00	680,000.00
Total		**3,166,000.00**	**1,076,440.00**

* Calculated on an exchange rate of RM 1 = AUD 0.34.

Additional provision has been made for civil and structural works following the earthquake in the Sabah region of Malaysia. Although the earthquake was not felt in the area where the Plant is located, the directors of Mistral considered it prudent to ensure that the Plant's design is robust in case of earthquakes in that area in the future.

[1] The actual contract price is 387,000 Euros and the contract does not provide for a specific exchange rate (an exchange rate of RM4 = 1 Euro has been applied here), so the actual amount paid may be more or less than RM1,548,000 depending on the exchange rate that applies at the time of payment.
[2] A quote has not yet been received from Standard Electric Sdn Bhd, so it is possible the actual costs of this work may be more or less than the estimated amount. It is also possible that Mistral will choose a different contractor to undertake the works.
[3] A quote for these works has been received from Top Megacity Sdn Bhd, however at the date of this Supplementary Prospectus no agreement has been entered into with this contractor and Mistral may choose to use another contractor.

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3.4 Delay to scheduled commissioning date

The last sentence of section 3.13 of the Replacement Prospectus stated that "*Construction of the Plant Upgrade is scheduled to commence on 1 July 2015 and be commissioned by 28 December 2015*". As a result of the additional civil and structural work required because of the occurrence of the earthquake (as described in section 3.3 of this Supplementary Prospectus) and the consequential delays to other works as a result of the additional civil and structural works, it is anticipated that the commissioning of the Plant Upgrade will be delayed until 30 June 2016.

In addition, Mistral has submitted an application to SEDA to extend the timeframe for registering the Grid REPPA to 30 September 2015, as the draft Grid REPPA is still being reviewed by SESB. Representatives of SEDA have informally advised Mistral that this extension should not be a problem, however formal confirmation has not yet been received.

In the period before the Grid REPPA is executed, the Plant will continue to supply energy to PYSB under the PYSB REPPA at RM0.40 per kWh until the conditions precedent to the Grid REPPA, as outlined in section 3.16 of the Replacement Prospectus, are satisfied.

4. UPDATE TO USE OF FUNDS

Timah has decided to provide details of its use of funds in the event that the full AUD 1 million in the Public Offer is not subscribed and only AUD 2 million is received under the Placement.

The table below replaces the table in section 9.6 of the Replacement Prospectus.

USE OF PROCEEDS	$ if AUD3 million raised	$ if AUD2 million raised
Capital expenditure to grow the business, in particular the Plant Upgrade (refer to section 3 of this Supplementary Prospectus)	$2,450,000	$1,600,000
General working capital (including operational expenditure for the Plant and corporate expenses)	$500,000	$350,000
Payment of expenses of the Proposed Transactions and the Offers	$50,000	$50,000
	$3,000,000.00	**$2,000,000.00**

In light of the information above, section 5.7 of the Replacement Prospectus is replaced with the following:

The Incoming Directors intend to finance Mistral's future operations and capital expenditure as follows:

(a) by utilising the net funds raised under the Offers (after the deduction of the expenses of conducting the Proposed Transactions and the Offers) through intercompany loans to Mistral as follows:

(i) approximately AUD 2,450,000 (if AUD 3 million is raised) or AUD 1,600,000 (if AUD 2 million is raised) for capital expenditure to undertake the Plant Upgrade (see section 3 of this Supplementary Prospectus); and

(ii) approximately AUD 500,000 (if AUD 3 million is raised) or AUD 350,000 (if AUD 2 million is raised) for working capital, including operating expenditure for the Plant and corporate expenses; and

(b) by Mistral utilising the CGB Loan as follows:

(i) approximately AUD 4,250,000 (if AUD 3 million is raised) or AUD 5,100,000 (if AUD 2 million is raised) for capital expenditure or to

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undertake the Plant Upgrade (see section 3 of this Supplementary Prospectus); and

(ii) approximately AUD 500,000 (if AUD 3 million is raised) or AUD 650,000 (if AUD 2 million is raised) for operating expenditure for the Plant,

which leaves approximately AUD 1,050,000 (if AUD 2 million is raised) – AUD 2,050,000 (if AUD 3 million is raised) remaining under the CGB Loan (of RM20,000,000, or approximately AUD 6.8 million) for working capital; and

(c) whilst the PYSB REPPA is in force, through the revenue received by Mistral from the sale of electricity under the PYSB REPPA to repay the CBG Loan and the GTF Scheme Loan (to the extent they remain) and then as working capital; and

(d) when the Grid REPPA is in force, by applying the revenue received by Mistral from the sale of electricity under the Grid REPPA to repay the CBG Loan and the GTF Scheme Loan (to the extent they remain) and then as working capital; and

(e) as necessary, by obtaining and using additional loans from CGB.

5. FINANCIAL INFORMATION

A replacement historical and pro forma statement of financial position, which shows the pro forma position both in the event that (1) the full AUD 3 million is raised (second last column) and (2) only AUD 2 million is raised (last column), is set out below. This is to be considered in place of the historical and pro forma statement of financial position set out in section 6.3 of the Replacement Prospectus, which assumes that the full AUD 3 million is raised.

Set out in the table below are the historical consolidated statements of financial position for Timah and Mistral as at 31 December 2014, and a pro forma consolidated statement of financial position assuming the acquisition of Mistral and completion of the Offer as if it occurred on 31 December 2014 and adjustments for other material events that have occurred subsequent to that date as detailed in the notes below.

	Reviewed Consolidated	**Audited Consolidated**	**Pro-Forma Consolidated**	**Pro-Forma Consolidated**
	Statement of financial position 31 December 2014(1)	**Statement of financial position 31 December 2014**(2)	**Statement of financial position** (3)	**Statement of financial position** (4)
	Timah	**Mistral**		
Current Assets				
Cash assets	85,905	180,236	3,186,141	2,186,141
Trade and other receivables	7,016	30,874	37,890	37,890
Inventories	-	9,813	9,813	9,813
Prepayments and deposits	-	50,281	50,281	50,281
	92,921	271,204	3,284,125	2,284,125
Non-Current Assets				
Plant and equipment	563	8,371,048	8,371,611	8,371,611
Deferred tax assets		209,271	209,271	209,271
	563	8,580,318	8,580,882	8,580,882
Total Assets	93,484	8,851,523	11,865,007	10,865,007

	Reviewed Consolidated	Audited Consolidated	Pro-Forma Consolidated	Pro-Forma Consolidated
	Statement of financial position 31 December 2014[1]	Statement of financial position 31 December 2014[2]	Statement of financial position [3]	Statement of financial position [4]
	Timah	Mistral		
Current Liabilities				
Trade and other payables	7,900	301,055	308,955	308,955
Financial liabilities		576,882	576,882	576,882
Loans – related parties	80,000	1,551,923	370,000	370,000
	87,900	2,429,859	1,255,837	1,255,837
Non-Current Liabilities				
Loans – related parties	-	-	1,551,922	1,551,922
Financial liabilities	-	4,033,524	4,033,524	4,033,524
	-	4,033,524	5,585,447	5,585,447
Total Liabilities	87,900	6,463,383	6,841,283	6,841,283
Net Assets	5,584	2,388,140	5,023,724	4,023,724
Equity				
Issued capital	2,419,950	3,226,819	12,176,426	10,449,062
Accumulated losses	(2,414,366)	(838,680)	(7,152,703)	(6,425,339)
Total Equity	5,584	2,388,140	5,023,724	4,023,724

Notes:

1. Column 1 represents the reviewed historical consolidated statement of financial position of Timah as at 31 December 2014.

2. Column 2 represents the audited historical consolidated statement of financial position of Mistral as at 31 December 2014, converted from Malaysian Ringgit (RM) into Australian dollars (AUD) at the 31 December 2014 spot rate of 1 AUD = 2.8666 RM.

3. Column 3 represents the pro forma consolidated statement of financial position of Timah assuming:

   (a) The acquisition of 100% of Mistral by Timah on 30 June 2014 through the issue of 42,750,000 Mistral shares (post 1:2 consolidation) at a deemed issue price of $0.20 per share. As Timah has no existing business and Mistral shareholders will obtain control of Timah, the consolidated financial statements of the legal parent (Timah) are presented as a continuation of the financial statements of the main private operating entity (Mistral). The effect of the acquisition on issued capital is shown at note 5 below. The effect of the acquisition on accumulated losses includes the elimination of accumulated losses in Timah and the write-off of goodwill associated with the reverse acquisition totalling $5,998,198;

   (b) Public Offer of 5,000,000 New Shares at $0.20 per Share to raise $1,000,000;

   (c) Placement of 10,000,000 New Shares at $0.20 per Share to Cash Nexus or its nominee to raise $2,000,000;

   (d) Repayment of loans from Directors in the Company totalling $80,000;

   (e) Loan advanced from Timah Psir Sdn. Bhd. to the Company totalling $370,000 for the purpose of paying for costs associated with the Public Offer;

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(f) Estimated costs associated with the Public Offer of $370,000, allocated as $54,175 to contributed equity relating to the issue of Shares and $315,825 to accumulated losses.

4. Column 4 represents the pro forma consolidated statement of financial position of Timah as in column 3, adjusted to assume no shares are issued under the Public Offer.

6. UPDATED RISK FACTORS

In addition to the risk factors set out in section 8 of the Replacement Prospectus, the following risks should be considered by investors:

Contractor Risk

The success of the works associated with the Plant Upgrade (described in section 3.2 of this Supplementary Prospectus and section 3.13 of the Replacement Prospectus) will be reliant on each contractors' ability to provide the goods and services they have been contracted to provide to Mistral (including in a way that complies with the technical specifications necessary to ensure the Plant operates as required) and the maintenance of an effective relationship between Mistral and its contractors.

In addition, there is a risk that variations to contracts with contractors will be required which may result in Mistral being charged additional amounts over and above the agreed price set out in section 3.2 of this Supplementary Prospectus. This risk cannot presently be quantified as these contracts do not include a specific mechanism for valuing variations or any specific limit on liability.

Geographic Risk

A natural disaster could occur in a geographic region in which Timah or Mistral conduct business, which could affect their business operations in the specific geographic region (for example, the ability to generate revenue by producing and selling energy from the Plant, if the Plant is damaged or cannot be reached by workers, or if the electricity distribution system is damaged), and the economy in that region more generally, causing an adverse impact on Timah's investments and operations in the affected region.

7. EXTENSION OF PUBLIC OFFER AND UPDATED TIMETABLE

Due to the lodgement of this Supplementary Prospectus (and the consequential refund of Applications), the closing date of the Public Offer, completion of the Proposed Transaction, Consolidation, Placement, de-listing from NSX and ASX listing has been delayed.

In particular, the closing date of the Public Offer has been extended to 5pm on Friday, 28 August 2015. To date, Timah has received Applications for AUD9,000 worth of Shares under the Public Offer. All money received under these Applications will be refunded to the Applicants and those Applicants are encouraged to subscribe for Shares under this Supplementary Prospectus.

7.1 Updates

Timah's Shares were suspended from trading on NSX on 31 July 2015, in accordance with the timetable previously announced to NSX. Timah's Shares will stay suspended until NSX de-listing and ASX listing occurs, unless NSX decides that they should be reinstated to trading.

ASX listing is now expected to occur on Wednesday, 16 September 2015, provided that the conditions to ASX's approval for admission to the official list and quotation of Timah's Shares (as announced to NSX on 30 July 2015) are satisfied by Timah before that date.

7.2 Replacement indicative timetable

As such, the entirety of the indicative timetable on pages 6 and 76 of the Replacement Prospectus is replaced with the updated indicate timetable below:

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Public Offer opens	Tuesday, 7 July 2015
TMH Securities suspended from trading on the NSX	Friday, 31 July 2015
Public Offer closes and Applications due[1, 2]	Friday, 28 August 2015 at 5.00pm (AEST)
Ex-date	Monday, 7 September 2015
Record Date	Wednesday, 9 September 2015
Completion of Proposed Transaction[3]	Thursday, 10 September 2015
Consolidation[3]	Thursday, 10 September 2015
Allotment Date [3]	Thursday, 10 September 2015
Holding Statements expected to be dispatched[4]	Friday, 11 September 2015
TMH delisted from the NSX	Tuesday, 15 September 2015
Trading on normal settlement basis commences on ASX[4]	Wednesday, 16 September 2015

1. This timetable is indicative only. Timah reserves the right to vary the times and dates of the Public Offer without prior notice, including closing the Public Offer early or to accept late Applications.
2. Sydney, Australia time.
3. 'Proposed Transaction' means the Acquisition, the Consolidation, the issue of the Placement Shares and the issue of the IPO Shares.
4. Subject to ASX approval for the admission of Timah to the official list of ASX becoming unconditional.

References to '31 July 2015' in sections 9.2 and 9.8 of the Replacement Prospectus and in the definition of 'Closing Date' on page 116 of the Replacement Prospectus will also be replaced with '28 August 2015'.

8. NEW APPLICATIONS

New applications for Shares under the Public Offer after the date of this Supplementary Prospectus must be made using the supplementary application form **attached** to this Supplementary Prospectus. Applications made on the application form attached to the Replacement Prospectus will no longer be accepted from the date of this Supplementary Prospectus.

Timah encourages all investors to get their Applications in as soon as possible.

Other than as set out above, all details in relation to the Replacement Prospectus remain unchanged.

9. SUPPLEMENTARY PROSPECTUS

This Supplementary Prospectus will be issued as an electronic prospectus and may be accessed on Timah's website at www.timahresources.com.au.

This is an important document and should be read in its entirety. If you do not understand it you should consult your professional advisers without delay.

10. DIRECTORS' AUTHORISATION

Timah issues this Supplementary Prospectus and its issue has been authorised by a resolution of the Directors. In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement and issue of this Supplementary Prospectus with ASIC in the form and context in which it is issued.

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This is a supplementary prospectus intended to be read with the replacement prospectus dated 6 July 2015 relating to the shares of Timah Resources Limited

Mr Jack Tan

Executive Chairman for and on behalf of Timah Resources Limited

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ANNEXURE A

MATERIAL CONTRACT SUMMARIES

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1. CONTRACTS ASSOCIATED WITH THE PLANT UPGRADE

1.1 Biogas Generator Contract

On 30 March 2015, Mistral issued a letter of acceptance of offer to Multico Enviro (M) Sdn. Bhd (**Multico**) to confirm that it had accepted Multico's quotation to conduct Biogas Generator Services. This letter was executed by Multico on 25 June 2015 (**Biogas Generator Contract**).

The scope for the works for biogas generator services under the Biogas Generator Contract (**Biogas Generator Services**) includes deliveries to Mistral's site, the installation, commissioning and testing of the Dresser-rand Gusgor Biogas Generator Set HGM 560 (1,240kWe) designed by Multico.

The consideration payable by Mistral to Multico under the Biogas Generator Contract is EUR 387,000 (approximately RM 1,548,000 on an exchange rate of RM4 = EUR 1). This is payable in instalments (30% on signing (which was paid on 24 July 2015), 10% upon delivery of engineering documents, 25% on delivery of biogas genset and all equipment to site, 25% at the end of construction works as certified by Mistral's project consultant, 5% on commissioning as certified by Mistral's project consultant and 5% on handover).

As security of its performance under the Biogas Generator Contract, Multico has an obligation to provide Mistral:

(a) on signing of the Biogas Generator Contract, a performance bond amounting to EUR 116,100 (being 30% of the total consideration);

(b) Upon handover, a bank guarantee by Multico amounting to 5% of total consideration valid for 12 months;

(c) a warranty against defective material and workmanship for 12 months after commissioning;

(d) a registration Certificate with Construction Industry Development Board;

(e) registration numbers under the Employee's Social Security (SOCSO) Scheme;

(f) an insurance Policy for Third Party Liability (insurance against injury to persons and damage to property) of an insured value more than RM 1,000,000,000 for unlimited number of incidents; and

(g) Third Party Liability coverage for not less than the full contract value.

The delivery of the Biogas Generator is scheduled for October 2015, with completion of the instalation scheduled for around December 2015. Completion will occur when various Government departments have given their approval to operate the Biogas Generator Services after commissioning and the Biogas Generator operates continuously without failure or interruption of any kind for a period of 14 days.

In addition to this, compliance with DOE and JKKP regulations is required before acceptance and handover will occur.

Multico will also provide technical training on the equipments to Mistral's personnel.

1.2 Grid Interconnection Contract

On 14 May 2015, Mistral issued a letter of acceptance of offer to Kejuruteraan Letrik Seri (M) Sdn. Bhd (**KLS**) to confirm that it has accepted KLS's quotation to conduct electrical and telecommunication works for Grid interconnection (**Grid Interconnection Services**). This letter was executed by KLS on 19 May 2015 (**Grid Interconnection Contract**).

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The scope for the works for Grid Interconnection Services under the Grid Interconnection Contract with KLS includes deliveries to Mistral's site, the installation, commissioning and testing of the telecommunication works for grid interconnection designed by KLS.

The consideration payable by Mistral to KLS under the Grid Interconnection Contract is RM 6,300,000. This is payable in instalments (10% on signing (which was paid on 21 July 2015), 20% upon delivery of engineering documents and Factory Acceptance Test, 25% on delivery all equipment to site, 30% at the end of construction works as certified by Mistral's project consultant, 10% on commissioning as certified by Mistral's project consultant and 5% on handover).

As security of its performance under the Grid Interconnection Contract, KLS has an obligation to provide Mistral:

(a) On signing of the Grid Interconnection Contract, a performance bond amounting to RM 630,000 (being 10% of the total consideration);

(b) Upon handover, a bank guarantee by KLS amounting to 100% of total consideration valid for 18 months;

(c) Warranty against defective material and workmanship for 18 months after commissioning;

(d) Registration Certificate with Construction Industry Development Board;

(e) Registration numbers under the Employee's Social Security (SOCSO) Scheme;

(f) Insurance policy for Erection All Risks for not less than the full contract value; and

(g) Insurance policy for Workmen Compensation of an amount not less than 20% of the contract value.

Delivery of the equipment is expected to commence in December 2015, with completion scheduled for around June 2016. Completion will occur when various authorities / SESB have given their approval to operate the Grid Interconnection Infrastructure Services after commissioning and the Grid Interconnection Infrastructure operates continuously without failure or interruption of any kind for a period of 30 days.

In addition to this, compliance with SESB and TNB regulations is required before acceptance and handover will occur.

KLS will provide technical training on the equipments to Mistral's personnel and to also produce Test Certificates and Approval from Suruhanjaya Tenega before conducting switchboard tests.

1.3 Biogas Dryer Contract

On 16 April 2015, Mistral issued a letter of acceptance of offer to Climate Energy Sdn Bhd (**Climate Energy**) to confirm that it has accepted Climate Energy's tender to deliver and install the biogas dryer and gas booster skid to the gas engine system. This letter was executed by Climate Energy on 22 April 2015 (**Biogas Dryer Contract**).

The scope of works for the Biogas Dryer Contract is for the fabrication, supply and installation of the biogas dryer and gas booster skid to gas engine system complete with ancillaries including the delivery to site, unloading, installation, commissioning, testing, guarantee performance of 18 months and training of personnel.

The consideration payable by Mistral to Climate Energy under the Biogas Dryer Contract is RM643,000. This is payable in instalments (10% on signing (which was paid on 3 July 2015), 10% upon delivery of engineering documents 45% on main equipment to site, 25% at the end of construction and certification by Mistral's consultant, 5% on commissioning and certification by Mistral's consultant and 5% upon handover.

As security of the performance under the Biogas Dryer Contract, Climate Energy has an obligation to provide Mistral:

(a) On signing of the Biogas Dryer Contract, a performance bond amounting to RM 64,300 (being 10% of the total consideration);

(b) Upon handover, a bank guarantee by Climate Energy amounting to 5% of total consideration valid for 18 months to warranty against defective material and workmanship after successful commissioning.

The completion of installation is expected to be around February 2016 Completion will occur when JKKP have given their approval to operate the biogas dryer and gas booster skid system complete with ancillaries after commissioning and the biogas dryer and gas booster skid system and ancillaries operates continuously in accordance to specifications and technical data without failure or interruption of any kind for a period of 26 processing days.

Under the Biogas Dryer Contract, Climate Energy guarantees that the heat exchangers will have the capacity to dehumidify the biogas from scrubbers to relative humidity of <50%. The gas booster blowers to be able to provide optimum gas pressure and gas volume to the biogas engines up to full load (1,200kw). In addition to this, compliance with DOE and JKKP regulations is required before acceptance and handover will occur. Finally, Climate Energy will provide full technical training of heat exchanger and blower systems to Mistral's personnel.

1.4 Biogas Scrubber Contract

On 18 March 2015, Mistral issued a letter of acceptance of offer to Climate Energy to confirm that it has accepted Climate's tender to deliver and install two sets of the biogas scrubber system. This letter was executed by Climate Energy on 31 March 2015 (**Biogas Scrubber Contract**).

The scope of works for the Biogas Scrubber Contract is for the fabrication, supply and installation of the biological scrubber systems complete with ancillaries including the delivery to site, unloading, installation, commissioning, testing, guarantee performance and 18 months and training of personnel.

The consideration payable by Mistral to Climate Energy under the Biogas Scrubber Contract is RM1,528,000. This is payable in instalments (10% on signing (which was paid on 7 May 2015), 10% upon delivery of engineering documents, 10% on delivery all equipment to site, 60% at the end of construction, 5% on commissioning or 6 months after installation and 5% upon successful scrubbers commissioning.

As security of its performance under the Biogas Scrubber Contract, Climate Energy has an obligation to provide Mistral:

(a) On signing of the Biogas Scrubber Contract, a performance bond amounting to RM 76,400 (being 5% of the total consideration); and

(b) On successful scrubbers commissioning, an 18 month performance bond.

The completion of installation is expected to be around February 2016. Completion will occur JKKP have given their approval to operate the biological scrubber system complete with ancillaries after commissioning and the biological scrubber system complete with ancillaries operates continuously in accordance to specifications and technical data without failure or interruption of any kind for a period of 26 days.

Under the Biogas Scrubber Contract, Climate Energy guarantees that the scrubber will have the capacity to reduce the content of hydrogen sulphite (H2S) in the biogas to a maximum of 200 ppm at maximum flow of 1,000 Nm3/h with maximum 3,000 ppm H2S at inlet to scrubbers. In addition to this, compliance with DOE and JKKP regulations is required before acceptance and handover will occur. Finally, Climate Energy will provide two full technical training, including cleaning procedures for QSR systems to Mistral's personnel.

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ANNEXURE B

REPLACEMENT PROSPECTUS

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NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION IN WHOLE OR IN PART IN OR INTO THE UNITED STATES, OR TO US PERSONS

TIMAH RESOURCES LIMITED
ABN 69 123 981 537

REPLACEMENT PROSPECTUS

This is a replacement prospectus which replaces in its entirety the prospectus dated 29 June 2015.

For an offer of:

5,000,000 Shares at an issue price of $0.20 per Share to raise $1,000,000 (**Public Offer**)

and

10,000,000 Shares at an issue price of $0.20 per Share to Cash Nexus (M) Sdn. Bhd. or its nominee to raise $2,000,000 (**Placement**).

The Public Offer is not underwritten.

Important Notice

This document is important and should be read in its entirety (including the 'Risk Factors' in **section 8**) before deciding whether to apply for Shares. If, after reading this Prospectus, you have any questions about the Shares being offered under this Prospectus, then you should consult your stockbroker, accountant or other professional adviser.

The Shares offered by this Prospectus should be considered speculative.

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IMPORTANT NOTES

LODGEMENT AND LISTING

This Prospectus is dated 6 July 2015 and was lodged with ASIC on that date. It is a replacement prospectus which replaces the original prospectus is dated 29 June 2015 and lodged with ASIC on that date. The 'Land risk' paragraph in Section 8.2 (page 68) of the Prospectus now includes information on the likelihood of the Government of Sabah enforcing its rights under the Lease. Corresponding references have also been made in page 17 'Land Risk' and in section 3.8 ('Land on which plant is situated' on page 30). Other differences between the original prospectus and this Prospectus are of a consequential / minor correctional nature only.

No Shares will be allotted or issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

Timah Resources Limited (**Timah**) has applied to the ASX on 29 June 2015 for admission to the official list of ASX and for official quotation on ASX of the New Shares issued under the Offers and all other Shares on issue as at the date of this Prospectus.

Neither ASIC nor ASX take any responsibility for the content of this Prospectus or the merits of the investment to which this Prospectus relates.

DISCLAIMER

No person named in this Prospectus, nor any other person, guarantees the performance of Timah, the repayment of capital or the payment of a return on the Shares. No person is authorised to give any information or make any representation in connection with the Offers which is not contained in this Prospectus.

Any information or representation not contained in this Prospectus may not be relied on as having been authorised by Timah or the Directors.

This Prospectus contains forward looking statements, which are identified by words such as "may", "could", "believes", "estimates", "expects", "intends" and other similar words that involve risks and uncertainties. Timah cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

Other than as set out in this Prospectus, and as otherwise required by law or the Listing Rules, Timah has no intention to update forward looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus.

INVESTMENT RISKS AND FINANCIAL INFORMATION PRESENTATION

This Prospectus does not take into account your investment objectives, financial situation or particular needs. Before deciding to invest in Timah, it is important that you read the entire Prospectus and consider both the risk factors that could affect the financial performance of Timah.

NO OVERSEAS REGISTRATION

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. Refer to **section 9.17** for treatment of overseas shareholders.

Applications for Shares offered under this Prospectus can only be submitted on an original Application Form which accompanies this Prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus which is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by Timah in connection with this Prospectus.

NOTE TO APPLICANTS

It is important that you read this Prospectus in its entirety and seek professional advice where necessary. If you do not fully understand this Prospectus or are in any doubt as to how to deal with it, you should consult your professional adviser.

In particular, it is important that you consider the risk factors (these risk factors are summarised in **section 1** and set out in detail in **section 8**) that could affect the performance of Timah before making an investment decision.

The Shares the subject of this Prospectus should be considered highly speculative.

EXPOSURE PERIOD

This Prospectus will be circulated during the Exposure Period. The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds. You should be aware that this examination may result in the identification of deficiencies in this Prospectus and, in those circumstances, any application that has been received may need to be dealt with in accordance with section 724 of the Corporations Act. Applications for Shares under this Prospectus will not be processed by Timah until after the expiry of the Exposure Period. No preference will be conferred on applications lodged prior to the expiry of the Exposure Period.

ELECTRONIC PROSPECTUS

A copy of this Prospectus can be downloaded from the website of Timah at www.timahresources.com.au, or the ASX website. Any person accessing the electronic version of this Prospectus for the purposes of making an investment in Timah must be an Australian resident and must only access the Prospectus from within Australia.

The Corporations Act prohibits any person passing onto another person the Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. Any person may obtain a hard copy of this Prospectus free of charge by contacting Timah.

Timah reserves the right not to accept an Application Form from a person if it has reason to believe that, when that person was given access to the electronic Application Form, that person was not also provided with the electronic Prospectus and any relevant supplementary or replacement prospectus or where any of those documents were incomplete or altered.

Applicants accessing this Prospectus outside of Australia should carefully read the disclaimer wording as set out in **section 9.17** "Foreign selling restrictions" and, if in any doubt, are strongly recommended to obtain professional advice before applying for Shares under this Prospectus.

WEBSITE

No document or information included on Timah's website is incorporated by reference into this Prospectus.

FORWARD-LOOKING STATEMENTS

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of Timah, the Directors and Timah's management.

Timah cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

Except where required by law or the ASX Listing Rules, Timah has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

These forward looking statements are subject to various risk factors that could cause Timah's actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are summarised in **section 1** and set out in detail in **section 8**.

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FOREIGN INVESTORS

No action has been taken to register or qualify the Shares, or the Offers, or otherwise to permit the public offering of the Shares, in any jurisdiction outside Australia. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. This Prospectus does not constitute an offer of Shares in any jurisdiction where, or to any person to whom, it would be unlawful to issue this Prospectus.

PHOTOGRAPHS AND DIAGRAMS

Photographs used in this Prospectus which do not have descriptions are for illustration only and should not be interpreted to mean that any person shown in those photographs endorses the Prospectus or its contents or that the assets shown in them are owned by Timah.

Diagrams used in this Prospectus are illustrative only and may not be drawn to scale.

COOLING-OFF RIGHTS

Cooling-off rights do not apply to a Subscription for Shares under the Public Offer. This means that you cannot withdraw your Application once it has been submitted except as required by law. Once the Shares are issued and quotation is granted by ASX you may sell your Shares on market, unless your Shares are restricted securities (as that term is defined in the ASX Listing Rules), in which case you may only sell your Shares after the expiry of the relevant escrow period.

CONDITIONAL OFFERS

The Offers are conditional on Timah receiving approval from ASX for admission to and quotation of its Shares on the official list of ASX. If ASX does not approve Timah's application for admission to and quotation of its Shares on the official list of ASX, the Offers will not proceed, no New Shares will be issued under this Prospectus and Timah will repay any Subscription Amounts received.

FINANCIAL AMOUNTS

All financial amounts referred to in this Prospectus are expressed in Australian dollars unless otherwise stated. Any discrepancies between totals and sums and components in tables contained in this Prospectus are due to rounding. Fees disclosed in this Prospectus are quoted exclusive of GST.

GLOSSARY

Some words and expressions used in this Prospectus have defined meanings which are explained in **section 14**.

PRIVACY

By filling out an Application Form to apply for Shares, you are providing personal information to Timah through its service provider, the Share Registry. Timah, and the Share Registry on its behalf, collect, hold and use that personal information in order to process your Application, service your needs as a Shareholder, provide facilities and services that you request and carry out appropriate administration.

If you do not provide the information requested in the Application Form, Timah and the Share Registry may not be able to process or accept your Application. Your personal information may also be used from time to time to inform you about other products and services offered by Timah which it considers may be of interest to you.

Your personal information may also be provided to agents and service providers of Timah on the basis that they deal with such information in accordance with the privacy policy of Timah. Agents and service providers of Timah may be located outside Australia where your personal information may not receive the same level of protection as that afforded under Australian law. The types of agents and service providers that may be provided with your personal information and the circumstances in which your personal information may be shared are:

- the Share Registry for ongoing administration of the Shareholder register;
- printers and other companies for the purpose of preparation and distribution of statements and for handling mail;
- market research companies for the purpose of analysing the Shareholder base of Timah and for product development and planning; and

- legal and accounting firms, auditors, contractors, consultants and other advisers for the purpose of administering, and advising on, the Shares and for associated actions.

You may request access to your personal information held by (or on behalf of) Timah. You may be required to pay a reasonable charge to the Share Registry in order to access your personal information. You can request access to your personal information by writing to or telephoning the Share Registry on the contact details below.

CONTACTS

If you require assistance to complete the Application Form, require additional copies of this Prospectus, or have any questions in relation to the Offers you should contact Jack Tan on +61 418 286 266, the Share Registry on 1300 737 760 (in Australia) or +61 2 9290 9600 (international), or go to Timah's website at www.timahresources.com.au.

If you are uncertain as to whether Timah is a suitable investment for you, you should seek professional advice from your stockbroker, lawyer, accountant or other professional adviser.

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KEY OFFER INFORMATION

Timah Resources Limited (**Timah**) is undertaking the following offers under this Prospectus to raise up to $3,000,000:

(a) the issue of up to 5,000,000 New Shares at $0.20 each to retail and wholesale investors resident in Australia or New Zealand to raise up to $1,000,000 (**Public Offer**); and

(b) the issue of 10,000,000 New Shares at $0.20 each to Cash Nexus (M) Sdn. Bhd. or its nominee to raise $2,000,000 (**Placement**),

(together, the **Offers**).

The Offers are both conditional on Timah receiving approval from ASX for its Shares to be admitted to, and quoted on, the official list of ASX (**ASX Approval**).

All Subscription Amounts received by Timah pending ASX Approval will be held on trust by Timah for the Applicants. If ASX Approval is declined or not received within 3 months from the date of this Prospectus, no New Shares will be issued and Timah will repay all Subscription Amounts received in respect of the Offers. If ASX Approval is received, New Shares will be issued to the Applicants under each of the Offers 10 Business Days after ASX Approval. If ASX does not approve Timah's application for admission to the official list of ASX within 3 months of the date of this Prospectus, the Offers will not proceed, no New Shares will be issued under this Prospectus and Timah will repay all Subscription Amounts received.

Key Dates[1, 2]

Public Offer opens	Tuesday, 7 July 2015
Public Offer closes and Applications due[1, 2]	Friday, 31 July 2015 at 5.00pm (AEDT)
Completion of Proposed Transaction[3]	Friday, 14 August 2015
Consolidation[3]	Friday, 14 August 2015
Allotment Date [3]	Friday, 14 August 2015
Holding Statements expected to be dispatched[4]	Monday, 17 August 2015
Trading on normal settlement basis commences on ASX[4]	Thursday, 20 August 2015

1. This timetable is indicative only. Timah reserves the right to vary the times and dates of the Public Offer without prior notice, including closing the Public Offer early or to accept late Applications. This may have a consequential effect

on other dates. Investors are, therefore, encouraged to submit their Application Forms as early as possible after the Opening Date.

2. All times are Sydney, Australia times.
3. Subject to the ASX granting conditional approval for the admission of Timah to the official list of ASX. These dates are likely to change depending on the date ASX Approval is received.
4. Subject to ASX approval for the admission of Timah to the official list of ASX becoming unconditional. These dates are likely to change depending on the date on which such approval is actually received.

Key Offer Statistics

Offer Price[1]	$0.20
Total proceeds under the Offers[2]	$3,000,000
Total number of Shares available under the Public Offer[3]	5,000,000
Total number of Shares issued under the Placement[3]	10,000,000
Number of Shares currently on issue (on a post-Consolidation basis)[3]	40,126,313
Number of Shares on issue after the issue of the Consideration Shares, the Placement and the Public Offer[3]	97,876,313
Number of Shares controlled by Cash Nexus and its Associates after issue of the Consideration Shares, the Placement and Public Offer[3]	57,500,000
Market capitalisation at the Offer Price[4]	$19.575m

1. Shares may not trade at the Offer Price post admission of the New Shares to quotation on ASX.
2. Proceeds raised under the Offers are before the costs of the Offers are deducted and assumes that the Public Offer is fully subscribed.
3. A consolidation of Timah's issued share capital of 1 Share for every 2 Shares held (**Consolidation**) will take place prior to the issue of the New Shares. Shares are described in this table on a post-Consolidation basis.
4. Market capitalisation is determined by multiplying the number of Shares on issue after the close of the Public Offer by the price at which the Shares trade on the ASX from time to time. In the case referred to in the table above, the price is calculated at the Offer Price.

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LETTTER FROM THE CHAIRMAN

Dear Investor

On behalf of the Directors, it gives me great pleasure to offer you this opportunity to become a shareholder in Timah Resources Limited (**Timah**) following its acquisition of Mistral Engineering Sdn. Bhd. (**Mistral**).

Under this Prospectus, Timah offers investors an opportunity to invest in Timah through an offer of up to 5,000,000 New Shares at $0.20 per Share (**Public Offer**) to raise up to $1 million. In addition, Timah is offering Cash Nexus (M) Sdn. Bhd (**Cash Nexus**) or its nominee a placement of 10,000,000 New Shares at $0.20 per Share (**Placement**) to raise $2 million.

The Public Offer and Placement (**Offers**) are both subject to ASX approval for admission of Timah's shares to the official list of ASX being received. The Offers will not proceed unless such approval is received.

The Offers comprise part of a series of transactions under which Timah will acquire 100% of the issued shares of Mistral and gain admission to the official list of ASX.

About Mistral and the biogas power plant

Mistral is a company incorporated in Malaysia which owns and operates an approximately 3 MW biogas power plant located directly adjacent to the palm oil mill owned by Prolific Yield Sdn. Bhd. (**PYSB**) in Sandakan, Sabah, Malaysia (**Plant**). Mistral is currently owned by Cash Nexus, which is a wholly owned subsidiary of Cepatwawasan Group Berhad, a company listed on the Bursa Malaysia.

The Plant generates electricity by utilising as a fuel captured methane gas generated from a by-product of palm oil production called palm oil mill effluent (**POME**). The POME is supplied to Mistral by PYSB directly from its palm oil mill, which generates the POME as a by-product. Due to high solids concentration and acidity, POME cannot legally be discharged directly into watercourses. Instead, it is standard palm oil industry practice to treat POME in open anaerobic ponds, a process which releases significant quantities of harmful methane gas directly into the atmosphere. Mistral avoids this release by instead treating the POME in a closed anaerobic system that captures all of the methane gas in a form that can then be utilised as fuel by the Plant. By capturing and combusting this methane gas, the Plant helps reduce the emissions of greenhouse gases which would otherwise be released into the atmosphere from the POME.

The Malaysian Government is actively encouraging industries, including the palm oil industry, to adopt technologies that reduce greenhouse gas emissions. It does this through generous legislated renewable energy initiatives, including the Entry Point Project No 5 (EPP 5) under the National Key Economic Areas, which aims to achieve the installation of biogas facilities in all palm oil mills in Malaysia by 2020. Under the Tenth Malaysian Plan 2011-2015, several new initiatives anchored upon the Renewable Energy Policy and Action Plan will be undertaken to achieve a renewable energy target of 985 MW by 2015, contributing 5.5% to Malaysia's total electricity generation mix.

Mistral in constructing the Plant has taken advantage of these initiatives and will seek to continue to benefit from them through the operation of the Plant and the selling of the electricity generated.

The acquisition of Mistral gives Timah and its shareholders an investment in the Malaysian renewable energy industry, which may benefit from both the renewable energy initiatives introduced by the Malaysian Government and the anticipated continued growth of the palm oil industry in Malaysia.

About the proposed transactions

The purpose of the acquisition of Mistral and the Offers is to comply with Chapters 1 and 2 of the ASX Listing Rules, raise funds to grow the business of Mistral and to bring Timah into the ASX listed environment to enable it to exploit the considerable global growth opportunities available after ASX listing.

The transactions to be undertaken in conjunction with the ASX listing of Timah are as follows:

(a) Cash Nexus will sell, and Timah will buy, 100% of the issued shares of Mistral, in consideration for Timah issuing 85,500,000 Shares at $0.10 per Share (**Consideration Shares**) to Cash Nexus (**Acquisition**);

(b) after the Acquisition completes, Timah will undertake a 1 Share for every 2 Shares held consolidation of Timah's issued Shares (**Consolidation**); and

(c) after the Consolidation takes place, Timah will issue the New Shares subscribed for under the Offers,

(together, the **Transactions**). The Transactions (including the Offers) will not proceed unless ASX approval for admission of Timah's shares to the official list of ASX is received.

After the issue of the Consideration Shares to Cash Nexus, Cash Nexus will have maximum voting power in Timah of 57.31%, which will increase to between 58.75% and 61.91% after the Placement, depending on the number of Subscriptions received under the Public Offer. Cash Nexus intends to hold the Consideration Shares and will, prior to Timah's ASX listing, enter into escrow agreements which will preclude it dealing with those Shares for two years from the date of Listing.

There is a risk that Timah may not be able to comply with ASX's requirements for admission to the official list of ASX (including if insufficient Subscriptions are received under the Public Offer to meet ASX's spread requirements). In the event that Timah does not receive approval for admission to the official list of ASX, then Timah will not proceed with the Transactions (including the Offers) and will repay all Subscription Amounts received.

This Prospectus contains detailed information about the Offers, Timah, Mistral and the risks associated with an investment in Timah. I encourage you to read this document carefully and in its entirety before making your investment decision. An investment in Timah contains specific risks which you should consider before making that decision. If there is any matter on which you require further information, you should consult your stockbroker, accountant or other professional advisor.

On behalf of my fellow Directors, I look forward to welcoming you as a shareholder of Timah.

Yours sincerely

Jack Tan

Executive Chairman
TIMAH RESOURCES LIMITED

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1. INVESTMENT OVERVIEW

This **section 1** is a summary only and not intended to provide full information for investors intending to apply for Shares offered under this Prospectus. This Prospectus should be read and considered in its entirety.

Question	Answer	More information
Who is the Issuer of this Prospectus?	Timah Resources Limited (ACN 123 981 537), a company incorporated in New South Wales, Australia (**Timah**). Timah is currently listed on the National Stock Exchange of Australia Limited (**NSX**). If the Transactions described in this Prospectus are completed, Timah will become listed on the ASX and will delist from the NSX.	**Section 4.1**
What are Timah's current operations?	Timah currently carries on no business operations, other than sourcing and investigating potential investments.	**Section 4.7**
Is Timah currently profitable?	No, Timah is currently not profitable as it is not carrying on any trading or business activities.	**Section 4.1**
What are the Transactions?	The Transactions, in summary, are as follows: (a) Timah will acquire 100% of the shares in Mistral from Cash Nexus; (b) in consideration of the acquisition, Timah will issue 85,500,000 Shares to Cash Nexus; (c) Timah will then consolidate its share capital to achieve a Share price of $0.20 per Share; (d) Timah will then conduct a placement to Cash Nexus of 10,000,000 New Shares at $0.20 per Share to raise $2 million to Cash Nexus; (e) Timah will then offer 5,000,000 New Shares at $0.20 per Share to raise up to $1 million; and (f) Timah will then seek admission to the ASX and will delist from the NSX.	**Section 4.10**
Who is Mistral?	Mistral Engineering Sdn Bhd (**Mistral**) is an unlisted company incorporated in Malaysia on 31 July 2012. 100% of Mistral's shares are owned by Cash Nexus, which is in turn 100% owned by Cepatwawasan Group Berhad, a company listed on the Bursa Malaysia. Mistral is principally engaged in the business of renewable energy generation using the Plant. Mistral operates the Plant on a "build, own and operate basis". The Plant is located next to the PYSB Mill and the EFB Mill in Sandakan, Sabah, Malaysia.	**Section 5.1**
Is Mistral currently profitable?	Mistral is currently not profitable, as it only commenced commercial operation in August 2013 and has not yet generated sufficient revenue from the generation and sale of electricity to exceed its expenses (which include the payment of various loans).	**Section 5.1**

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Question	Answer	More information
What will Timah own after completion of the Offers?	After completion of the Offers, Timah's assets will consist of: (a) 100% of the issued shares in Mistral, which holds the following material assets: the Plant, the POME feedstock supply agreement with Prolific Yield Sdn Bhd (**PYSB**) (**PYSB POME Supply Agreement**), the POME feedstock supply agreement with Cash Horse Sdn Bhd (**Cash Horse**) (**Cash Horse POME Supply Agreement**), the renewable energy power purchase agreement with PYSB (**PYSB REPPA**) and a Lease of Wayleave with Cash Nexus Sdn Bhd (**Cash Nexus**); and (b) between approximately $2,000,000 to $3,000,000 in cash, depending on the number of applications for New Shares received under the Public Offer ($50,000 of which will be spent on the expenses of conducting the Transactions, including the Offers).	**Section 4.8**
What are Timah's business objectives for Mistral?	In summary, the Incoming Directors' business objectives for Timah and Mistral are, in order of priority: (a) increasing the installed capacity of the Plant from 3MW to 3.8MW (with a net export capacity of 3.5MW) under the current Plant Upgrade; (b) entering into a renewable energy power purchase agreement with network distribution licensee, Sabah Electricity Sdn Bhd (**SESB**), (**Grid REPPA**) thus enabling Mistral to sell electricity to the national electricity grid in Malaysia (**Grid**) at the approved Feed-in Tariff rate of RM0.4169 per kWh; (c) investigating further investment opportunities in renewable energy generation, particularly in biomass or biogas energy generation using by-products from other palm oil plantations and mills in Malaysia; and (d) investigating investment opportunities in Australia, most likely in the renewable energy and the agricultural sectors.	**Sections 3.13, 3.15 and 3.16**
What is Mistral's current source of revenue?	Mistral is currently selling all of the electricity it generates to PYSB, a related party of Mistral, under the PYSB REPPA. PYSB owns and operates the PYSB Mill and supplies to Mistral all the POME generated from the processing of oil palms by the PYSB Mill as feedstock for the Plant under the PYSB POME Supply Agreement.	**Section 3.5**
How will Timah grow Mistral?	Once the Plant's installed capacity is Plant Upgraded to 3.8MW (with a net export capacity of 3.5MW) and the Plant has met the necessary acceptance and efficiency tests, the Incoming Directors intend that Mistral will execute the Grid REPPA and then terminate the PYSB REPPA. Sales of electricity to SESB under the Grid REPPA will enable Mistral to earn the FiT Rate of RM0.4169 per kWh. This is approximately 10% higher than the standard industry wholesale price for electricity of RM0.376. Based on the outlook of the renewable energy industry in Malaysia (described in more detail in **section 2**), the Incoming Directors believe that Timah and Mistral may be able to benefit from the potential for continuing growth of the palm oil industry and the various incentives provided by the Malaysian Government for the renewable energy industry. In light of this, the Incoming Directors intend to investigate further	**Sections 3.15 and 3.16**

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Question	Answer	More information
	possible investments in renewable energy generation in Malaysia once the short term goal of expanding the Plant's capacity and selling electricity to the Grid has been achieved. In the future, Timah may look to invest in similar renewable energy generation projects in Malaysia. Timah may also make investments in the renewable energy and the agricultural sectors in Australia.	
Will Mistral be profitable?	Under the Share Sale Agreement, Cash Nexus has provided a guarantee to Timah, as a condition of the acquisition of Mistral by Timah, that the audited profit before tax (with "profit" defined as incomes, profits and gains, the value of any supply and any other consideration, value or receipt used or charged for taxation purposes) of Mistral for FYE 31 December 2015 will not be less than A$900,000.00 (**Guaranteed PBT**). In the event that Mistal's actual earnings for this year are less than the Guaranteed PBT, Cash Nexus will pay Timah that shortfall (and Timah has contractual rights against Cash Nexus to enforce this obligation). However, the Guaranteed PBT does not indicate that the operations of Mistral will actually generate this profit for the year ending 31 December 2015 or in subsequent years, and there is no guarantee that Mistral will become profitable in the future.	**Section 5.6**
Who are the Cash Nexus Parties and what will their interest after close of the Offers?	The Cash Nexus Parties are Cash Nexus, CGB and their Associates. At the date of this Prospectus, the Cash Nexus Parties have a relevant interest in 11.84% of the Shares in Timah[1]. The Shares controlled by the Cash Nexus Parties, the Original Timah Shareholders and new Investors before and after the Offers (on a post Consolidation basis) are set out in the table below: **Shareholder** | **% of Shares Controlled before the Offers** | **Shares Controlled before the Offers** | **% of Shares Controlled after the completion of the Offers** | **Shares Controlled after the completion of the Offers** Original Timah Shareholders | 38.09% | 35,376,313 | 36.14%[4] | 35,376,313[3] Cash Nexus Parties | 57.31% | 47,500,000[2] | 58.75%[4] | 57,500,000 New Investors | 0% | 0 | 5.11%[4] | 5,000,000[4] **Total** | **100%** | **82,876,313** | **100%** | **97,876,313** 1. Cash Nexus has exercised the Call Option to acquire 9,500,000 Shares from Timah Pasir Sdn. Bhd. 2. This number includes the shares acquired under the Call Option and the Consideration Shares. The Consideration Shares will be subject to Restriction Agreements which are further described in **section 13.9**, meaning that the Cash Nexus Parties will not be able to trade approximately 43.68% of the total Shares on issue for 2 years from the date on which	**Section 4.3**

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Question	Answer	More information
	Timah's Shares are first quoted on ASX. 3. This assumes that the Original Timah Shareholders will not participate in the Public Offer. The Original Timah Shareholders (including the current directors of Timah and their Associates) may participate in the Public Offer provided that this does not increase their voting power in Timah to above 20% and provided that Timah achieves the requisite spread requirements (described in **section 9.5**) despite their participation. The Cash Nexus Parties may not participate in the Public Offer. 4. This assumes that the Public Offer is fully subscribed. If the Public Offer is not fully subscribed, the percentage of Shares controlled by the Original Timah Shareholders and the Cash Nexus Parties will be between 36.14 – 38.09% and 58.75 – 61.91% respectively.	
Will the Cash Nexus Parties be holding their investment?	ASX has provided in-principle advice that the Consideration Shares issued to Cash Nexus are likely to be restricted securities that must be escrowed (that is, not able to be disposed of) for 2 years from the date of first quotation of Timah's securities on ASX. The Placement Shares are unlikely to be considered restricted securities and, if that is the case, may be disposed of by Cash Nexus.	**Section 13.9**
Did Timah have a pre-existing relationship with the Cash Nexus' Parties?	Timah had no pre-existing relationship with the Cash Nexus Parties until Timah and Cash Nexus executed the Share Sale Agreement. Prior to the date of this Prospectus, Cash Nexus acquired 9,500,000 Shares from Timah Pasir Sdn. Bhd (a substantial Shareholder of Timah) by exercising the Call Option.	**Section 4.6**
Who are the Incoming Directors?	Dato' Seri Mah King Seng, Dato' Seri Mah King Thian, Soong Swee Koon, Lee Chong Hoe, Michelle Siew Yee Lee and Jack Tian Hock Tan.	**Section 7.1**
Who are the Incoming Independent Directors?	The Incoming Independent Directors are those Incoming Directors of Timah who are not Associated with Cash Nexus and CGB. They are: Lee Chong Hoe, Michelle Siew Yee Lee and Jack Tian Hock Tan.	**Section 7.1**
Who are the Incoming Non-Independent Directors?	The Incoming Non-Independent Directors are those Incoming Directors of Timah who are Associated with Cash Nexus and CGB. They are: Dato' Seri Mah King Seng, Dato' Seri Mah King Thian and Soong Swee Koon.	**Section 7.1**
KEY INVESTMENT RISKS		
What are the key investment risks?	The key investment risks are summarised in the section following called "Major Investment Risks" and in more detail in **section 8.**	**Page xiv and Section 8**
PUBLIC OFFER HIGHLIGHTS		
What is the Public Offer?	The Public Offer is an initial public offer of 5 million fully paid ordinary shares in Timah. Assuming the Public Offer is fully subscribed, on completion of the Offers: (a) the New Shares issued under the Public Offer will represent	**Section 9.2**

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Question	Answer	More information
	approximately 5.11% of the issued capital of Timah on completion of the Offers; (b) the Cash Nexus Parties will control approximately 58.75% of the issued capital of Timah; and (c) the remaining approximately 36.14% of the issued capital of Timah will be controlled by the Original Timah Shareholders.	
What is the Offer Price?	$0.20 per New Share.	**Section 9.2**
Will the Shares be listed?	Timah will apply to the ASX for its admission to the official list and quotation of its Shares on the ASX (expected to be under the code TML) within 7 days of the date of this Prospectus.	**Section 9.13**
Why is the Public Offer being conducted?	The Public Offer is being conducted to assist Timah to meet the spread requirements for ASX Admission and to raise funds (to be used to grow the business, pay for the costs of the Transactions and as general working capital).	**Sections 9.5 and 9.6**
Who can apply under the Public Offer?	The Public Offer is open to residents of Australia and New Zealand.	**Section 9.2**
What is the minimum and maximum application size under the Public Offer?	Applicants must apply for a minimum value of $2,000 and in multiples of $500 thereafter. Priority will be given to those Applicants who are existing Shareholders of Timah who hold less than a marketable parcel of Shares (that is, Shares with a value of at least $2,000 based on the price for the Shares under the Public Offer). Those Applicants will be allocated New Shares to "top up" their shareholding to a marketable parcel of Shares worth $2,000. The value of New Shares that may be applied for under the Public Offer is not subject to a maximum amount. However, the Directors reserve the right to reject any Application or to allocate a lesser amount of New Shares than that applied for, in their absolute discretion.	**Section 9.9**
Is there any brokerage, commission or stamp duty payable by the applicants?	No brokerage, commission or stamp duty is payable by Applicants on New Shares allotted under the Public Offer.	**Section 9.18**
How can I apply?	You may apply for New Shares under the Public Offer by completing a valid Application Form. To the extent permitted by law, an application by an Applicant under the Public Offer is irrevocable.	**Section 9.8**
Can the Public Offer be withdrawn?	Timah reserves the right not to proceed with the Public Offer at any time before the issue of New Shares to successful Applicants. In particular, the Public Offer is conditional on, and will not proceed unless, the ASX approves the admission of Timah to, and the quotation of its Shares on, the official list of ASX. This requires, amongst other things, that Timah receives sufficient Subscriptions under the Public Offer to satisfy ASX's spread requirements (see **section 9.5** for more information). If the Public Offer does not proceed, all Subscription Amounts will	**Section 9.4**

Question	Answer	More information
	be refunded in full. No interest will be paid on any Subscription Amounts refunded as a result of the withdrawal of the Offers.	
Is the Public Offer underwritten?	No, the Public Offer is not underwritten.	**Section 9.2**
Will dividends be paid on the shares?	The payment of a dividend by Timah is at the discretion of the Incoming Directors and is subject to a number of factors, such as cash flows and available distributable profits, and any other factors the Incoming Directors consider relevant. A dividend policy will be announced at a later stage when Timah is closer to becoming profitable. No guarantee can be given about future dividends or the level of franking or imputation of such dividends or the payout ratios, as these matters depend upon the future profits of Timah and its financial and taxation position at the time.	**Section 13.4**
What are the tax implications of investing in the shares?	A discussion of certain Australian tax consequences of participating in the Offers and investing in Shares for Australian tax residents is set out in **section 9.16**. Investors should consider the tax consequences of the Offers and investing in New Shares in light of their own particular circumstances and seek advice from their tax adviser.	**Section 9.16**

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MAJOR INVESTMENT RISKS

The Directors have considered and identified in **section 8** the critical areas of risk associated with investing in Timah under the Offers. The major investment risks to be considered by potential investors include:

KEY INVESTMENT RISKS	
What are the Key Operating Risks?	➢ ***Land risk:*** The Plant is situated on the Lease, which provides that the land is only to be used for the purpose of the cultivation of oil palm. There is a risk that the Government may re-enter and resume possession of this land for a breach of the conditions of the Lease. However, this risk is low (see **section 8.2**, 'Land risk'). ➢ ***Renewable energy industry risk:*** The commercialisation of renewable energy projects relies heavily on, and is dependent upon, the project proponent obtaining Malaysian Government subsidies and grants sufficient to achieve a competitive cost per watt of renewable energy produced. If Malaysian Government subsidies and grants are not successfully obtained, a proponent may not be able to economically expand its power generation activities. Mistral has obtained Malaysian Government subsidies in the form of the FiT as well as a Feed-in Approval and a quota to supply electricity into the Malaysian national power grid. Mistral's success will depend on its ability to successfully commission the Plant after the Plant Upgrade and supply electricity into the Grid under the Grid REPPA. In the future, there is no guarantee that comparable incentives to those described in this prospectus will be available if Timah decides to make additional investments in renewable energy generation in Malaysia (as, for example, annual degression applies to the Feed-in Tariff rate). ➢ ***Biogas technology risk****:* The anaerobic digestion of POME to produce methane for energy generation is generally regarded as a complex process and the technology has a low tolerance to shock loading. This instability may decrease the efficiency of the system and affect the ability to provide a sustainable supply of renewable energy. ➢ ***Dependence on raw material supply****:* Mistral is wholly dependent on the supply of POME from PYSB under the PYSB POME Supply Agreement and, following the completion of the Plant Upgrade, from Cash Horse under the Cash Horse POME Supply Agreement, in order to have feedstock to produce electricity. The supply of POME is subject to seasonal fluctuations and fluctuations in the fresh fruit bunch price. Although the Plant is capable of using other waste products to produce electricity, there is no assurance that Mistral would be able to obtain an alternative waste product as feedstock or manage the different properties of the alternative feedstock to ensure there is no reduction in the efficiency of the Plant. ➢ ***Acceptance and Reliability Test risk:*** There is no guarantee that the Plant will meet the acceptance and reliability tests which must be satisfied prior to selling energy to the Distribution Licensee under the Grid REPPA. If these tests are not met and Mistral does not commence generating renewable energy for commercial sale under the Grid REPPA before 1 January 2017, the FiT Rate that applies to Mistral may be reduced as a result of annual degression. ➢ ***Single customer exposure:*** Mistral's sole customer is PYSB. The price payable under the PYSB REPPA can only be increased by agreement between Mistral and PYSB and is not tied to a price adjustment mechanism which refers to an independent benchmark. If the FiT or market price for renewable energy increases, there is no guarantee that Mistral will be able to negotiate a commensurate increase in the price payable for the supply of electricity under the PYSB REPPA.

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KEY INVESTMENT RISKS	
	➢ ***Profit risk:*** Mistral has not generated a profit since commencing commercial operations in August 2013, as all funds received under the PYSB REPPA have been used to repay loans. Mistral's ability to generate sufficient revenue to exceed its liabilities and other expenses will depend on the Plant's ability to generate electricity consistently and Mistral's ability to sell that electricity at an appropriate price, which may be affected by the risks outlined above (amongst other things). In light of this, there can be no guarantee that Mistral will become profitable in the future. In addition, if Mistral remains Timah's sole investment, then Timah's ability to become profitable will be wholly dependent on whether Mistral is able to generate a profit. ➢ ***GTF Scheme Loan risk:*** AmBank as lender of the GTF Scheme Loan reserves the right to terminate the GTF Scheme Loan at any time upon giving Mistral 14 days' return notice to that effect. If the GTF Scheme Loan is so terminated, Mistral must repay all outstanding sums on or before expiry of the aforesaid notice without set off or counterclaim. ➢ ***Concentration of ownership and control:*** On the ASX listing of Timah, Cash Nexus and its Associates (including CGB) will have up to 61.91% voting power in Timah. As a result, Cash Nexus and its Associates are in a position to significantly influence the outcome of matters requiring Shareholder approval by passing ordinary resolutions (ie requiring more than 50% of the votes cast), including the election of directors and the approval of significant corporate transactions, subject to certain restrictions under the Corporations Act, Timah's constitution and the ASX Listing Rules which may prevent them from voting in some, but not all, situations. ➢ ***Competition***: Mistral competes with other companies operating biogas power plants next to palm oil mills in Sabah, Malaysia. Some of these companies have greater financial and other resources than Mistral and Timah and may be in a better position to compete for future business opportunities. In addition, the Malaysian Government has implemented the Entry Point Project No 5 (EPP 5) under the National Key Economic Areas, which aims to achieve the installation of biogas facilities in all palm oil mills in Malaysia by 2020. If this is achieved, there will be an increase in competition within the biogas electricity generation industry in Malaysia. ➢ ***Government Regulation***: The renewable energy generation activities of Mistral are subject to various laws governing renewable energy, electricity supply, environment and other matters. Although the activities of Mistral are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail production or development. ➢ ***Currency***: Timah's expected future revenue and expenditure will be in Malaysian Ringgit while its reporting currency is Australian dollars. As a result of the use of these different currencies, Timah is subject to foreign currency fluctuations. Timah has not hedged against fluctuations in exchange rates as yet and the Incoming Directors have no present intention to do so.
What are the General Risks relating to the Public Offer?	➢ ***Economic risk***: General economic conditions in Australia, Malaysia and internationally, movements in interest, inflation and currency exchange rates, variations in commodity prices, the global security situation and the possibility of terrorist disturbances, changes to government regulation, policy or legislation, changes which may occur to the taxation of companies as a result of changes in Australian and foreign taxation laws and changes to dividend imputation in Australia may have an adverse effect on Timah's and Mistral's future activities, as well as on its ability to fund those activities. ➢ ***Market conditions***: The market price of Shares can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities and in particular, resources stocks. Neither Timah nor the Directors warrant the future performance of Timah or any return on an investment in

KEY INVESTMENT RISKS	
	Timah. ➢ ***Security investments***: Applicants should be aware that there are risks associated with any securities investment. Securities listed on the stock market, and in particular securities of renewable energy generation companies have experienced extreme price and volume fluctuations that have often been unrelated to the operating performances of such companies. These factors may materially affect the market price of the New Shares regardless of Timah's performance. ➢ ***Stock Exchange Prices***: The market price of a publicly traded stock is affected by many variables not all of which are directly related to the success of Timah. In recent years, the securities markets have experienced a high level of price and volume volatility, and the market price of securities of many companies, particularly those considered to be development stage companies, has experienced wide fluctuations which have not necessarily been related to the operating performance or underlying asset values of such companies. There can be no assurance that such fluctuations will not affect the price of Timah's securities. ➢ ***Liquidity risk***: There may be relatively few buyers or sellers of Timah's securities on ASX at any given time. This may affect the volatility of the market price of Timah's securities and the prevailing market price at which Shareholders are able to sell their Shares. This may result in Shareholders receiving a market price for their Shares that is less or more than the price paid under the Offers.

An investment in Timah is not risk free. Potential investors should consider the risk factors described above and in **section 8**, together with information contained elsewhere in this Prospectus, before deciding whether to apply for Shares. Potential investors should consider that the investment in Timah is speculative and should consult their professional advisers before deciding whether to apply for Shares.

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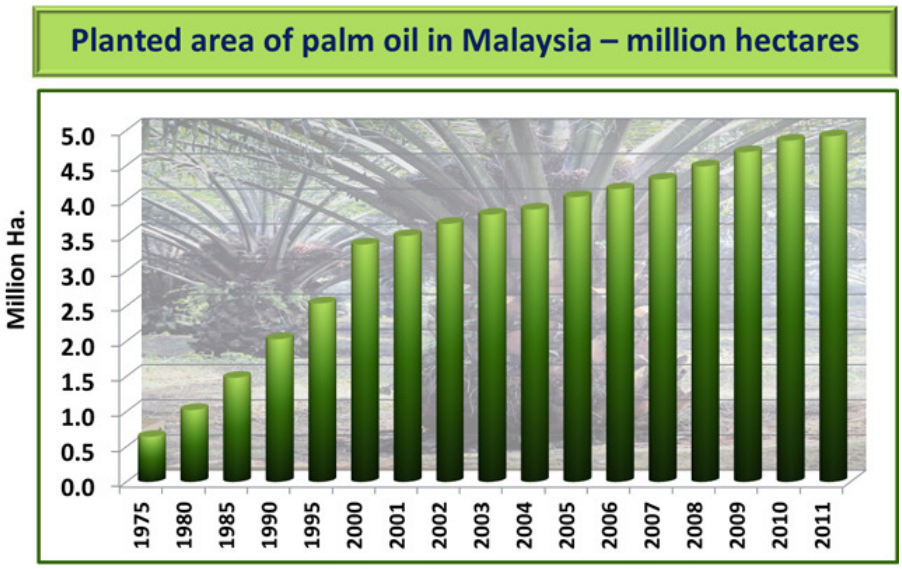
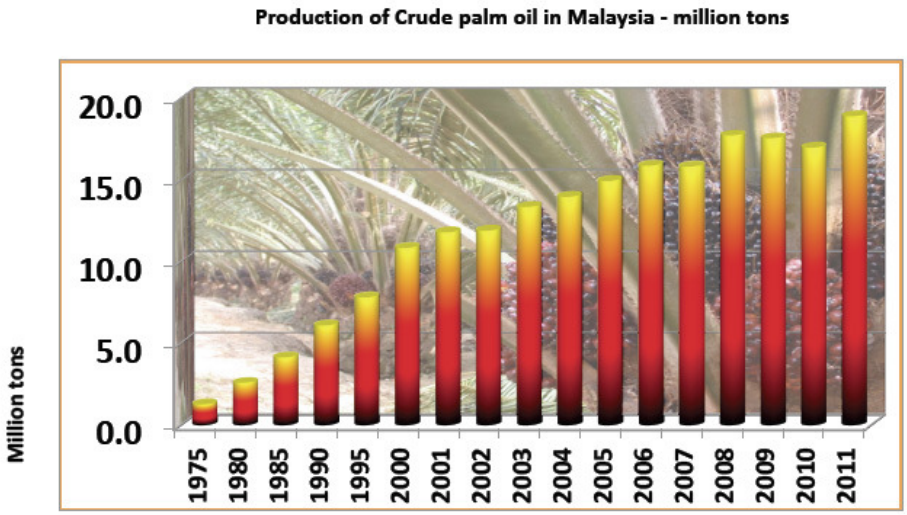
2. INDUSTRY OVERVIEW

2.1 The palm oil industry and POME

Malaysia produces approximately 39% of the world's palm oil.[1] Due to a high global demand for palm oil products, oil palm plantations in Malaysia (especially in Sabah and Sarawak) have expanded over the past 10 years (from 3.67 million hectares in 2002 to 5 million hectares in 2011).[2] This expansion has led to a 58.8% increase in the crude palm oil output in Malaysia between 2002 and 2011[3], which in turn increased the output of by-products from the production of palm oil.



2011: Total planted area = 4.917 million hectares
Mature area: 4.280 mil Ha (87.04%)
Immature area: 0.637 mil Ha (12.96%)



Source: http://www.palmoilworld.org/about_malaysian-industry.html

[1] http://www.mpoc.org.my/Malaysian_Palm_Oil_Industry.aspx.
[2] Chin May Ji, Poh Phaik Eong, Tey Beng Ti, Chan Eng Send, Chin Kit Ling, "Biogas from palm oil mill effluent (POME): Opportunities and challenges from Malaysia's perspective" *Renewable and Sustainable Energy Reviews* 26 (2013) 717 – 726, page 719.
[3] Ibid.

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In particular, the production of palm oil generates a liquid waste with a high organic content known as palm oil mill effluent (**POME**). Due to its high solids concentration and acidity, POME will pollute watercourses if discharged directly into the watercourses without proper treatment. Standard industry practice has been to treat POME in open anaerobic ponds, where the decomposition of the organic matter in POME results in the release of large quantities of methane. The release of methane gas into the atmosphere from open ponds, however, contributes to global warming (with methane having a global warming potential of 25 as compared to CO_2).[4] Flaring the methane produced by the POME to create carbon dioxide reduces the greenhouse gas effect, but wastes the potential to capture the methane and generate bioenergy.[5]

It has been estimated that, in 2011, approximately 57 million tonnes of POME were generated.[6] If treated anaerobically, this quantity of POME could have been expected to produce approximately 500,000 tonnes of methane (equivalent to about 800 million litres of diesel in terms of calorific value) and approximately 3.2 million MWh of potential energy (which could potentially provide electricity to 700,000 households in Malaysia).[7]

2.2 POME biogas

Methane released from the treatment of POME can in fact be economically captured for use in a biogas plant by simply covering an existing open anaerobic pond with a sealed cover. Alternatively, some biogas plants have installed closed anaerobic digester tanks which provide (on average) higher methane production (subject to the risk of efficiency reduction as a result of overloading).

Biogas recovered from POME can be used as a fuel feedstock in package boilers or high pressure boilers as a replacement for diesel, or in biomass boilers as co-combustion fuel to reduce the use of other biomass fuel such as palm kernel shell and mesocarp fibre (palm kernel shell, in particular, has a high economic value and can be sold by palm oil mills to other renewable energy producers as boiler fuel).[8] The biogas can also be Plant Upgraded by removing its H_2S and CO_2 content (which can cause corrosion) for use in gas engines.[9]

The Malaysian Government has implemented the Entry Point Project No 5 (EPP 5) under the National Key Economic Areas, which aims to achieve the installation of biogas facilities in all palm oil mills in Malaysia by 2020.

Due to the reduction of the emission of greenhouse gases as a result of the capture of methane for bioenergy, POME biogas power plants qualify for participation in the Clean Development Mechanism (**CDM**) proposal under the Kyoto Protocol and generate certified emission reductions (**CERs**). If a biogas plant was approved as a CDM project prior to 31 December 2012, the CERs may be sold to industry in participating countries. CDM projects that were approved after 31 December 2012 are barred from exporting CERs to Europe's emissions trading scheme. CDM projects that have been accepted before the end of 2012 have been prolonged to mid-2015, although the CER price has declined from 10 euros in 2007 to around 2 euros in 2012 (with further declines predicted) due to an oversupply of carbon credits.[10]

The price of CERs is currently so low that the Incoming Directors do not consider the sale of CERs to constitute a material source of revenue.

2.3 Outlook of renewable energy industry in Malaysia

Under the Tenth Malaysian Plan 2011-2015, several new initiatives anchored upon the Renewable Energy Policy and Action Plan were undertaken to achieve a renewable energy target of 985 MW by 2015, contributing 5.5% to Malaysia's total electricity generation mix. Amongst the measures taken were:

(a) the introduction of a Feed-in Tariff (**FiT**) surcharge of 1.6% that is incorporated into the electricity tariffs of consumers to support the development of renewable

[4] Ibid., page 718.
[5] Ibid., page 722.
[6] Ibid., page 719.
[7] Ibid., page 720, 725.
[8] Ibid., page 720.
[9] Ibid., page 721.
[10] Ibid., page 724.

energy. This mechanism allows electricity produced from renewable energy to be sold to utilities at a fixed premium price and for a specific duration; and

(b) the establishment of a Renewable Energy Fund from the FiT that is administered by a special agency, the Sustainable Energy Development Authority (**SEDA**), under the Ministry of Energy, Green Technology and Water to support the development of renewable energy.

(Source: Tenth Malaysian Plan)

Unlike Australia, which has experienced a number of changes in the governing political party over the past few years, the Malaysia Government has been relatively stable, with the United Malays National Organisation holding power in the coalition known as the Barisan Nasional since Malaya's independence in 1957. Although there is always a risk that the Malaysian Government may decide not to continue renewable energy industry incentives, the Incoming Directors believe that the historical stability of the past suggests that the Malaysian Government is less likely to abandon its Renewable Energy Policy and Action Plan or otherwise materially change its approach to encouraging the renewable energy industry.

Further details of the renewable energy industry incentives provided in Malaysia are set out below.

2.4 Feed-in Tariff (FiT) programme

Overview

The FiT is the most commonly applied policy mechanism to spur growth in the renewable energy industry. In short, the FiT mechanism allows electricity produced from a renewable energy source to be sold to authorised power utility companies at a fixed premium price (**FiT Rate**) for a specific duration.

In Malaysia, the FiT mechanism was established under the *Renewable Energy Act 2011* (Malaysia). Malaysia's FiT system requires "Distribution Licensees" (ie utility companies) to purchase electricity produced from renewable resources from "Feed-in Approval Holders" (ie approved renewable energy producers), for supply to the electricity grid for a set period, in preference to energy produced from non-renewable sources (subject to limited exceptions). By guaranteeing access to the Grid and setting a favourable price per unit of renewable energy, the FiT mechanism is intended to ensure that renewable energy becomes a viable and long-term investment.

The FiT mechanism applies to biomass, biogas, small hydro and solar photovoltaic renewable energy installations, with a maximum installed capacity of 30MW (unless special approval from the Minister is obtained). The FiT Rate gets lower as installed capacity increases, due to cost optimisation from economies of scale. The basic FiT Rate is currently RM0.3184 KWh for biogas installations having an installed capacity up to and including 4MW, with a bonus FiT Rate of an additional RM0.0786 per KWh for biogas installations that use agricultural waste as a fuel source (giving a total FiT Rate of RM0.397 per KWh).

FiT Rates will also generally decrease with time, with degression occurring at the start of each calendar year from 2013 (in order to encourage adoption of new technology which may increase efficiency). Once a renewable energy installation is completed, connected to the Grid and ready to produce renewable energy for commercial sale, the FiT Rate applicable at that date will apply to the installation going forward and no further reduction in the FiT will apply for that installation.

More recently, FiT Rates for biomass and biogas have been reviewed by SEDA, the result being that degression rates have been reduced and higher bonus rates have been given for certain criteria.[11] In particular, there will be no degression applied to the FiT Rate for biogas installations for the years 2015 and 2016. Eligibility for the bonus rate depends on a test to be conducted by an independent consultant appointed by SEDA (details on how this test applies to the Plant are set out in **section 3.9**).

[11] "SEDA revises rates, aims to attract more renewable energy developers", *The Star*, 6 March 2014.

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As of December 2013, SEDA had approved projects with a renewable energy capacity of 482MW, comprising solar PV (40.2%), biomass (27.2%), hydropower (27.2%) and biogas (4.9%).[12]

Funding and Quota

The funding source for FiT is the Renewable Energy Fund administered by SEDA, which in turn is funded by a 1.6% electricity tariff surcharge on consumers. To ensure there will be adequate funds to make the FiT payments to renewable energy generators, SEDA has a yearly quota which it allocates to applications for Feed in Approval licences.

See **section 3.15** for details on how the FiT applies to Mistral.

2.5 Investment Tax Allowance

With effect from 1 October 2005, companies in Malaysia involved in the generation of energy using biomass sources (including palm oil mill waste) that is renewable and environmentally friendly are eligible for an incentive, the Investment Tax Allowance under the *Promotion of Investments Act 1986* (Malaysia) and the *Promotion of Investments (Amendment) Act 2007* (Malaysia) (**ITA**). [13]

The ITA is 100% on the qualifying capital expenditure incurred within a period of 5 years. This allowance can be offset against 100% of the statutory income for each year of assessment. Any un-utilised allowances can be carried forward to subsequent years until fully utilised.

Companies must implement their projects within one year from the date of approval.

With effect from 8 September 2007, other companies in the same group are eligible for the same incentives as above even though one company in the same group has been granted the incentive. Applications received by 31 December 2010 are eligible for this incentive.

See **section 5.8** for details on how the ITA applies to Mistral.

2.6 Green Technology Financing Scheme

The Malaysian Government has established the Credit Guarantee Corporation Malaysia Berhad (12441-M) (**CGC**) Green Technology Financing Scheme (**GTF Scheme**), which offers green technology producers in Malaysia (including biogas recovery projects in palm oil mills) loans of up to RM50 million (for tenure up to 15 years) and RM10 million (for tenure up to 10 years) for capital expenditure. The loans carry interest, but the Malaysian Government bears 2% of the total interest rate of the approved loan. The Malaysian Government also provides a guarantee of 60% of the loan amount.[14]

The application period for loans under the GTF Scheme is currently scheduled to end on 31 December 2015.

Mistral has borrowed RM15,000,000 from AmBank (M) Berhad under the GTF Scheme: see **section 5.5(a)** for details.

2.7 Competition

As mentioned in **section 2.2**, the Malaysian Government has implemented the Entry Point Project No 5 (EPP 5) under the National Key Economic Areas, which aims to achieve the installation of biogas facilities in all palm oil mills in Malaysia by 2020. If this is achieved, there may be substantial competition within the biogas electricity generation industry in Malaysia, particularly in areas where there is a large amount of palm oil production (such as Sabah, where the Plant is located).

However, there is currently no obligation for a palm oil mill to install biogas facilities. Historically, adoption of biogas facilities has been slow. As at 16 July 2014, approximately 66 biogas power plants had been completed in the whole of Malaysia, with approximately 70% of the palm oil mills in Malaysia still continuing to use the conventional open-ponding system which releases methane into the atmosphere.[15] This may be because of a number

[12] "SEDA revises rates, aims to attract more renewable energy developers", *The Star*, 6 March 2014.
[13] http://www.iea.org/media/technologyplatform/workshops/southeastasiabioenergy2014/Malaysia
[14] Ibid., page 721.
[15] http://www.iea.org/media/technologyplatform/workshops/southeastasiabioenergy2014/Malaysia.

of factors, including the relatively high investment costs to build a biogas power plant and power generation system, difficulties in obtaining financing for what is considered a new technology, a lack of successful models in POME biogas plants and the fact that a profit return is generally not received until approximately 5 years after start of commercial operations (based on the FiT Rate).[16]

2.8 Malaysian legal framework

Renewable energy generation in Malaysia is governed by the *Renewable Energy Act 2011* and its subsidiary legislation (**Renewable Energy Laws**) and the *Electricity Supply Act 1990* and its subsidiary legislation (**Electricity Supply Laws**). The *Environmental Quality Act 1974* and *Environmental Quality (Licensing) Regulations 1977* (**Environmental Laws**) also impose requirements on palm oil mills and wastewater treatment plants.

Overview of Renewable Energy Laws

The Renewable Energy Laws provide for the establishment of the FiT system and other associated matters. Any person who proposes to generate renewable energy (that is, electricity generated or produced from biogas, biomass, small hydropower or solar photovoltaic) from a renewable energy installation with an installed capacity of not more than 30 MW is entitled to participate in the FiT system.

(a) **Feed-in Approval**

The first step to participating in the FiT system is to obtain a Feed-in Approval from SEDA. A Feed-in Approval is certificate issued by SEDA which entitles the holder to sell renewable energy at the FiT Rate (subject to any other required licences being obtained).

The grant of Feed-in Approval is largely at SEDA's discretion, and SEDA may impose conditions on the approval at the time of the grant or at any subsequent time. SEDA may also vary or revoke those conditions.

A failure to comply with a condition of the Feed-in Approval is an offence liable to a maximum fine of RM500,000 or imprisonment for a maximum term of 3 years, or both. The Feed-in Approval may also be revoked for a breach of any condition of the approval, as well as for failure to comply with or committing an offence under the Renewable Energy Act or Electricity Supply Act, improperly or illegally obtaining the approval, certain insolvency events and a change of circumstances such that the holder would no longer be entitled to be granted the Feed-in Approval.

The holder will be given a limited opportunity to make submissions to SEDA before SEDA imposes additional conditions, revokes or varies conditions or revokes the Feed-in Approval, and may appeal a decision of SEDA to impose additional conditions, revoke or vary conditions or revoke a Feed-in Approval to the Minister responsible for matters relating to electricity (whose decision is final and binding).

Once granted, Feed-in Approval may not be assigned or transferred to another person by the holder except with SEDA's written approval.

(b) **Distribution of renewable energy**

Once Feed-in Approval has been granted, a network distribution licensee (**Distribution Licensee**) must, within such period as may be prescribed by SEDA, enter into a renewable energy power purchase agreement with the Feed-in Approval holder (**REPPA**). The key Distribution Licensees in Malaysia are Tenaga Nasional Berhad and its subsidiary, Sabah Electricity Sdn Bhd (**SESB**). A REPPA must be in the form prescribed by SEDA and any deviation from that form requires SEDA's prior written approval.

Once executed, a REPPA must be submitted to SEDA for registration and is of no force and effect until it is registered. SEDA will register an executed REPPA if it is satisfied that it is consistent with the provisions of the Renewable Energy Act.

[16] Ibid., 723.

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Once a REPPA is executed and registered, the Distribution Licensee is obliged to connect the Feed-in Approval holder's renewable energy installation to a supply line connection point for the electricity grid.

Once connected, the Distribution Licensee must (subject to limited exceptions) give priority to the entire available quantity of electricity generated by the Feed-in Approval holder's renewable energy installation over the electricity generated by sources other than renewable resources.

(c) **Feed-in Tariff (FiT)**

The Distribution Licensee must pay the applicable FiT Rate to the Feed-in Approval holder under a REPPA for the sale and purchase of electrical energy produced by the Feed-in Approval holder and sold to the Distribution Licensee. As a general rule, SEDA publishes FiT Rates which apply to particular renewable energy installations, which will be reduced on 1 January each year by the applicable published degression rate (if any). The applicable FiT Rate for a Feed-in Approval holder will not be subject to further reduction by the degression rate once the renewable energy installation first generates renewable energy for commercial sale under the REPPA (**FiT Commencement Date**).

The Distribution Licensee is entitled to recover a sum from the State Renewable Energy Fund which is equal to the difference between the FiT Rate paid by the Distribution Licensee to the Feed-in Approval holder and the costs which the Distribution Licensee would have otherwise have incurred to generate the same amount of electricity based on prevailing displaced cost (that is, the average cost of generating and supplying 1 KWh of electricity from non-renewable resources through the supply line up to the point of interconnection with the renewable energy installation).

If, in the future, the FiT Rate applicable to a particular renewable energy installation is equal to or cheaper than the displaced cost (which is referred to as "grid parity"), then the Feed-in Approval holder will be paid a tariff based on the prevailing displaced cost, not the FiT Rate, by the Distribution Licensee for the remaining duration of the period commencing on the FiT Commencement Date and ending (for biogas and biomass installations) 16 years later.

Overview of Electricity Supply Laws

The Electricity Supply Laws regulate the generation and supply of electricity in Malaysia. In particular, in order to use or operate an electricity generating installation, or supply electricity generated to another person, a licence must be in place which expressly authorises the use or supply.

Most of the provisions of the Electricity Supply Act apply to the obligations of Distribution Licensees. Apart from distribution licences, the two key licences relevant to the operators of power plants are:

- private installation licences, which authorise the holder of the licence to operate a facility to supply energy for use on their own property; and
- public installation licences, which authorise the holder of the licence to supply energy to third parties.

The licences cannot be transferred (unless the written consent of the Minister has been given) and are granted for a specified period not exceeding 21 years.

Overview of Environmental Laws

A licence is required under the *Environmental Quality Act 1974* (My) for prescribed premises and approval must be obtained from the Director General of Environmental Quality before constructing prescribed premises.

Prescribed premises include premises occupied or used for the processing of palm oil fruit bunches into crude palm oil under the *Environmental Quality (Prescribed Premises) (Crude Palm Oil) Order 1977* (My).

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A licence is also required to cause pollution (including by discharging, emitting or disposing environmentally hazardous substances, pollutants or wastes so as to affect any beneficial use adversely) and the holder of the licence must comply with the conditions of that licence when doing so.

Contravention of a term or condition of the environmental licence may incur a maximum fine of RM25,000 (plus an additional fine of RM1,000 for every day that the offence continues after a notice from the Director General of Environmental Quality has been served), or imprisonment for a maximum period of two years, or both.

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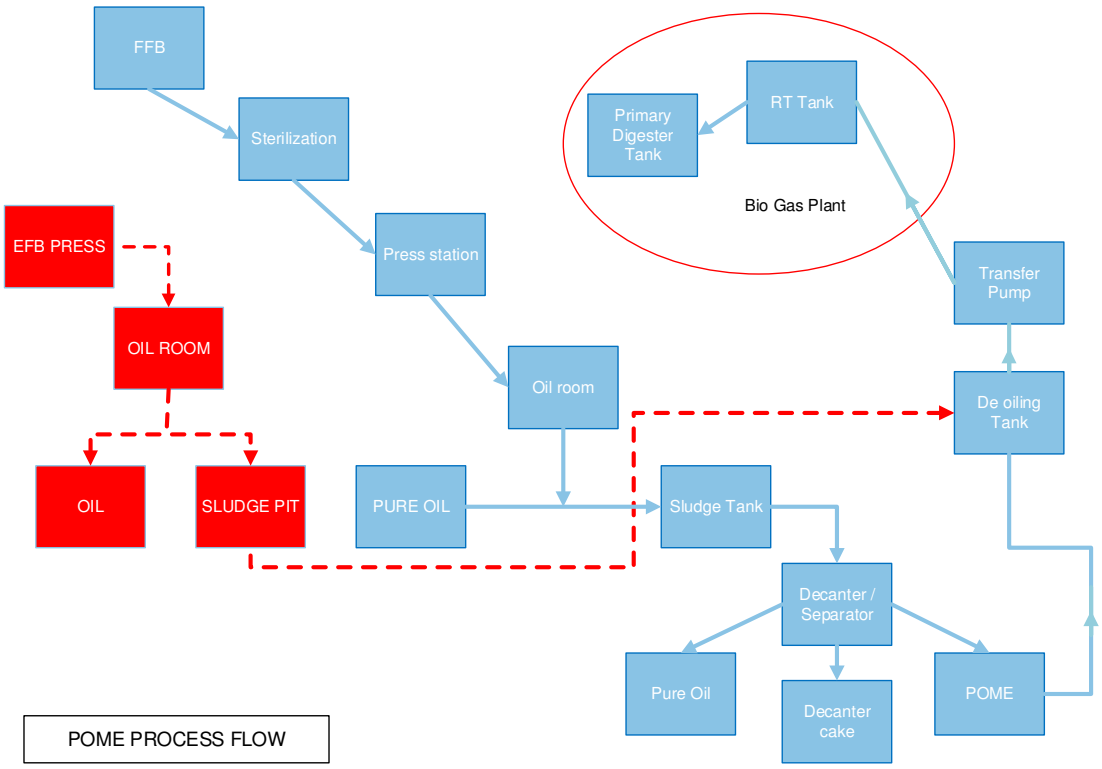
3. MISTRAL BUSINESS MODEL AND OPERATIONS

3.1 Overview

PYSB operates a palm oil mill (**PSYB Mill**) on a site adjacent to the Mistral biogas plant (**Plant**) that produces palm oil mill effluent, known as 'POME'. PYSB supplies the POME to Mistral as the feedstock for the Plant from which Mistral produces methane which is used in a conventional gas electricity generator to produce electricity. Mistral sells the electricity to PYSB.

3.2 POME production

The process used by PYSB at the PYSB Mill to produce POME is diagrammatically represented as follows:



3.3 PYSB POME Supply Agreement

Under the PYSB POME Supply Agreement, PYSB has contracted to supply all of the POME produced by the PYSB Mill to Mistral for use as feedstock for the Plant. Mistral pays PYSB an annual fee of RM10 for the supply, regardless of the quantity of POME actually supplied. PYSB has no obligation to supply a minimum or a maximum quantity of POME to Mistral.

The quantity of POME supplied varies depending on the quantity of oil palm that PYSB processes at the PYSB Mill at any point in time. The quantity of oil palm processed will depend on a number of factors, including the quantity of crop produced by PYSB (which fluctuates seasonally in response to weather events and the maturity of the palms), the market demand for palm oil and fluctuations in the crude palm oil price.

It is currently not economically feasible for Mistral to obtain alternative or additional supplies of POME from sources other than PYSB due to the uncompetitive cost of transporting POME over any great distance. This cost is the primary reason why biomass power plants are best built adjacent to palm oil mills, including the Plant which is adjacent to the PYSB Mill.

There is a potential alternative source of feedstock that Mistral could use for the Plant if it were placed in the situation that the PYSB Mill could not supply POME in quantities that are

sufficient to enable the Plant to produce specific quantities of electricity, which may be the case if Mistral executes a REPPA with SEDA for supply of all of Mistral's production into the Grid (see **section 3.15**).[17]

It is theoretically possible that the sludge waste produced from the clarifier, known as the 'decanter cake', can be used by Mistral as an alternative feedstock for the Plant. Decanter cake is a solid waste from the Oil Mill Decanter System. By mixing the decanter cake with certain ratio of water, it will turn into a liquid waste which contains similar characteristics to the POME. This can be used as a substitute to the POME. However, it will increase the sludge contained in the POME and create an extra load to the existing polishing system. Thus, use of decanter cake is a short term solution during an extended scheduled maintenance period of the PYSB Mill or any low POME production session. It is important to note that the use of decanter cake has not been tested by Mistral in the Plant and there may be engineering issues that may either limit or prevent the use of the decanter cake being used to produce the methane in a quantity necessary to produce electricity.

3.4 Methane gas and electricity generation

The process used by Mistral to produce methane gas from the POME and then produce electricity is as follows:

- POME produced by the PYSB Mill is transported to the Plant through the PYSB Pipeline, which is a dedicated pipeline owned and operated by Mistral;
- the POME is stored in sealed anaerobic digester tanks at the Plant;
- the anaerobic digester tanks capture the methane gas released by the POME as it decomposes in the tanks;
- the captured methane is piped to and burnt in an internal combustion engine to generate electricity;
- the remaining POME is then piped to a clarifier, which separates the POME into solids (sludge) and liquids; and
- then:
    - the sludge is processed in a decanter into decanter cake; and
    - the liquid is piped into an aerobic treatment system, where it undergoes bio-filtration. This bio-filtration treatment is designed to produce water with a biochemical oxygen demand (**BOD**)[18] concentration not exceeding 20mg per litre, which is then discharged onto the PYSB palm oil plantation for soil irrigation.

3.5 Electricity sales

All of the electricity produced by the Plant is currently sold by Mistral to PYSB under the terms of the PYSB REPPA. PYSB pays Mistral RM0.40 per KWh for electricity delivered.

In the future, Mistral may sell electricity directly into the Grid under a Grid REPPA for a set price of RM0.4169 per KWh for a term of 16 years. See **section 3.15** for more details.

[17] See **section 12.1** which provides a summary of the material terms of the pro forma REPPA published by SEDA. Under the pro forma REPPA, the seller is obliged to use best endeavours to supply an annual quantity of electricity. If the Grid REPPA is entered into by Mistral and SESB on similar terms to the REPPA, this best endeavours obligation may extend to Mistral procuring alternative feedstock in the event of a shortage of POME from the PYSB Mill impacting Mistral's ability to supply this quantity of electricity to SESB.

[18] Biochemical oxygen demand, or BOD, measures the amount of oxygen consumed by microorganisms in decomposing organic matter in a given water sample at a certain temperature over a specific time period. BOD directly affects the amount of dissolved oxygen in rivers and streams. The greater the BOD, the more rapidly oxygen is depleted in the stream. This means less oxygen is available to higher forms of aquatic life. Source: http://water.epa.gov/type/rsl/monitoring/vms52.cfm

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3.6 The Plant

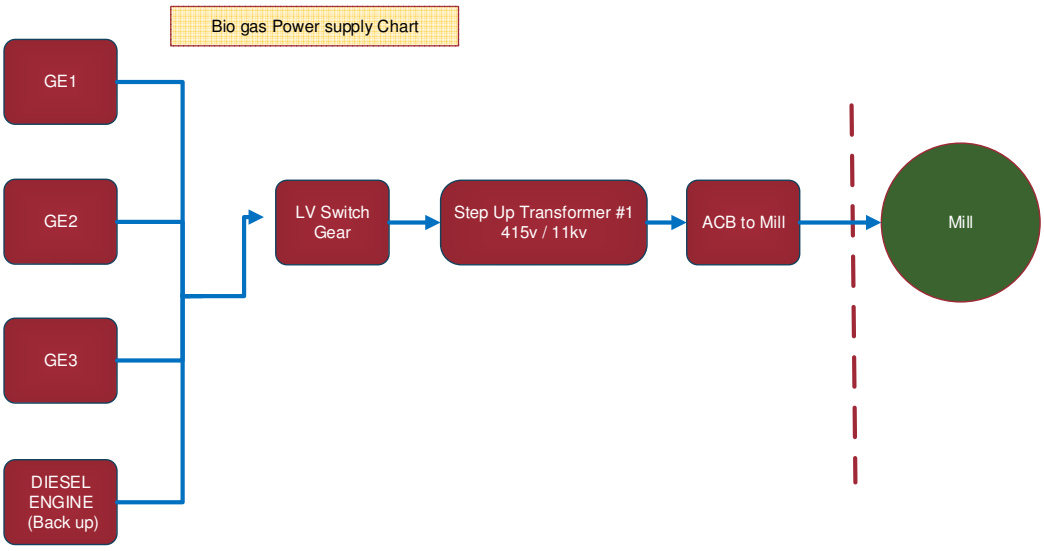
The Plant was initially designed to process a maximum of 60 tonnes of fresh fruit bunch per hour (**tFFB/hr**) on a design ratio of POME to fresh fruit bunch (**FFB**) of 1:1. This ratio produces a maximum quantity of produced POME of approximately 1,300m^3/day. The Plant achieves a net electricity export capacity of 3MW.

The Plant was constructed on behalf of Mistral in 2013 by Gabungan Maju Engineering Sdn Bhd (earthwork and civil work), Standard Electric Sdn Bhd (electrical works) and CST Engineering Sdn Bhd. CST Engineering Sdn Bhd has subsequently become a wholly owned subsidiary of Veolia. The digester system and polishing plant at the Plant were then Plant Upgraded by Veolia and 2 new gas engines installed by Multico Enviro (M) Sdn Bhd prior to the Plant being commissioned on 1 August 2013. A third gas engine was installed in February 2015.

3.7 Generation of electricity

The Plant generates electricity and Mistral then supplies the electricity to PYSB under the PYSB REPPA.

The diagrammatic representation of the electricity generation and supply process is as follows:



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3.8 Land on which Plant is situated

The Plant is situated on Country Lease No. 075561910 for Lot 2 in Sungai Segaliud, District of Sandakan, State of Sabah, which is a 99 year lease held by Mistral (**Lease**). The Lease has approximately 59 years to run.

The annual rental payable by Mistral to the Government of Sabah under the Lease is RM77 per year.

The terms of the Lease provide that the land is only to be used by Mistral for the purpose of the cultivation of oil palm. There is a technical argument that the use of part of the land for the construction and operation of the Plant is not in accordance with the terms of the Lease. Therefore, there is a risk that the Government of Sabah may declare this use as a breach of the conditions of the Lease under regulation 34 of the Sabah Land Ordinance and seek to enforce its rights to re-enter and resume possession of the land. However, this risk is low (see **section 8.2**, 'Land risk').

3.9 Plant Performance Assessments

Under the Guidelines and Determinations of the Sustainable Energy Development Authority Malaysia (SEDA Malaysia) (rev Feb 2013), Acceptance Tests and Reliability Test must be carried out in respect of all renewable energy installations, including the Plant.

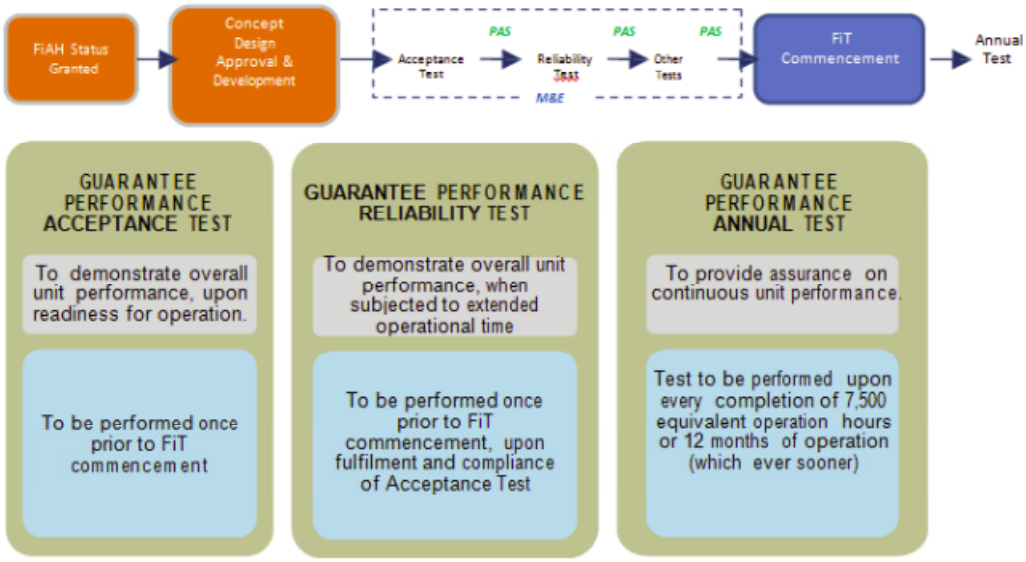
The Technical and Operational Requirements Rules require the Feed-in Approval holder to submit to the Distribution Licensee and the Authority the following certificates:

(a) a certificate from a qualified person stating that the renewable energy installation and interconnection facilities have been designed, constructed, installed and tested in accordance with prudent utility practices (subparagraph 15(1)(a)(i)); and

(b) a certificate from a qualified person stating that the renewable energy installation has successfully completed a Reliability Run (subparagraph 8(a)).

All new plants that have been granted Feed-in Approval status must be subjected to Acceptance Test and Reliability Test, prior to FiT Commencement.

The overall performance assessment process is as follows:



Legacy plant under previous REPPA's is not required to undertake the Acceptance Test and Reliability Test prior to FiT Commencement. However, if a plant is claiming for any Plant Upgrades in its performance efficiency, a set of Acceptance Test and Reliability Test must be conducted to verify the claim. Otherwise, the Feed-in Approval holder is only required to perform a Guarantee Performance Annual Test to demonstrate the guaranteed efficiency of the plant or to apply for new efficiency bonus.

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3.10 Intellectual property rights

The technology used in the Plant is not proprietary to Mistral and is not licensed to Mistral. Mistral has not confirmed whether this technology is covered by a patent in Malaysia. This means that there may be some risk that Mistral's use of the technology without a licence infringes a third party's intellectual property rights. Mistral has been advised that the Plant Upgrade by Veolia under the Plant Upgrade Contract will incorporate patented technology owned by AnoxKaldnes, a Veolia company. No express licence or sub-licence to use this technology has been granted to Mistral by AnoxKaldnes or Veolia, however an implied licence to use this technology may be deemed granted under Malaysian law based on the contractual terms of the Plant Upgrade Licence and the conduct of the parties.

3.11 Authorities required for operation of the Plant

Mistral holds all licenses required to operate the Plant. They are:

(a) a private installation licence under the Electricity Supply Laws to operate the Plant and supply electricity for its own consumption granted by Suruhanjaya Tenaga (the Energy Commission of Malaysia) under the Electricity Regulations (licence no. SSD 138/2014) with an expiry date of 6 March 2016;

(b) a trading licence to allow Mistral to conduct the business of a contractor supplying electricity granted by the Sandakan Town Council (reference no. R25116/2013) with an expiry date of 31 December 2015;

(c) approval from the Malaysian Investment Development Authority in respect of the Investment Tax Allowance (**ITA**) (see **section 5.8**); and

(d) approval from the Department of Environment of Sabah (**DOE**) (Certificate no: SPE-020/2011) regarding the existing system of effluent treatment and construction of a biogas plant and polishing plant for CGB. The approval from DOE has been granted to PYSB on the basis that the DOE considered the Plant to be an extension of the PYSB Mill – a palm oil mill is a "prescribed premises" for the purposes of the Environmental Quality Act (see **section 2.8**). The approval is subject to certain conditions around the treatment and discharge of the POME, including that the maximum capacity for the system to treat the POME must not exceed 90 tonnes per hour.

The Incoming Non-Independent Directors are not aware of any facts or circumstances that may give rise to a breach of any of the licences or approvals referred to above.

3.12 Plant performance

The Plant commenced generating electricity and selling the electricity to PYSB on 1 August 2013 under the PYSB REPPA.

As at the date of this Prospectus, the Plant is not yet generating electricity at its full installed capacity of approximately 3MW per hour. A summary of the total monthly electricity generated over the period from 1 April 2014 to 31 March 2015 is set out in the following table:

Month	Total electricity generated (MW)	Daily average electricity generated (MW)	Hourly average electricity generated (MWh)
April 2014	488.468	16.282	0.678
May 2014	15.638*	0.504	0.021
June 2014	201.314	6.710	0.280
July 2014	326.538	10.533	0.439
August 2014	367.298	11.849	0.494
September 2014	388.979	12.966	0.540
October 2014	456.621	14.730	0.614

Month	Total electricity generated (MW)	Daily average electricity generated (MW)	Hourly average electricity generated (MWh)
November 2014	439.324	14.644	0.610
December 2014	510.868	16.480	0.687
January 2015	437.643	14.118	0.588
February 2015	367.854	13.137	0.547
March 2015	385.248	12.427	0.518

* This reduced level in May 2014 was partly due to upgrading works conducted on the Plant and partly due to the installation of the third gas engine.

There are several reasons why the performance of the Plant has not met the expected electricity generation targets:

- the actual POME to FFB ratio the PYSB Mill produces is 0.5 - 0.6:1 (vs the expected 1:1 ratio), resulting in the produced quantity of POME of approximately 860m^3/day (vs the expected 1,300 m^3/day);
- the temperature of the Plant was designed to operate at 60°C, but has been operating at 70°C;
- one of the 4 anaerobic digester tanks, Primary Digester No. 2, suffered a torn membrane and could not be operated. This torn membrane will be renewed by the end of June 2015;
- the decanter experienced repeated failure of its electronic starting system due to the acidic environment. Modification of the electronic starting system to an auto-transformer starting system will be completed by the end of June 2015;
- the band filter at the polishing plant was under performing. This unit will be replaced by a new system incorporated in the Plant Upgrade;
- there were biogas engine breakdowns due to a failure of the existing chiller. The contractor, Multico, will upgrade this chiller and add a water separator by July 2015;
- Biogas Engines No.1 and No.2 cannot be fully loaded as they experienced failure of stud bolts at the cylinder heads. These studs will be replaced on warranty by July 2015; and
- the scrubbers body crack and moisture carry over problem has been recognised by Multico and Multico has sent its design team to design and will modify the scrubbers by the end of 2015.

As with many biogas power plants, the Plant has variable efficiency and is vulnerable to shock loading, particularly when there is a high crop yield. The anaerobic digestion of POME to produce methane for energy generation is generally regarded as a complex process. The seasonal nature of palm oil milling operations results in the characteristics of POME varying throughout the year. Currently, the anaerobic digesters used in biogas power plants, including the Plant, have a low tolerance to shock loading, which means that high loading rates (which typically would occur during the high crop season) may cause system failure and cease methane production. This instability may decrease the efficiency of the system and affect the ability to provide a sustainable supply of renewable energy.

3.13 Plant Upgrade

To address performance issues in the Plant, Mistral is undertaking an upgrade of the Plant and associated water treatment facilities to achieve a net electricity export capacity of 3.5MW (up from the current 3MW) (**Plant Upgrade**).

Mistral has engaged Veolia to fabricate, supply and install its biogas system and wastewater treatment for the Plant Upgrade (**Plant Upgrade Services**). The consideration payable by Mistral to Veolia for performance of the Plant Upgrade Services under the Plant Upgrade

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Contract is RM6,350,000 (approximately A$2,159,000 on an exchange rate of RM1 = $A0.34). See **section 12.4** for a summary of the material terms of the Plant Upgrade Contract with Veolia.

The Plant Upgrade has been designed to enable the Plant to process 1,290m^3/d of POME (following an upgrade of the PYSB Mill to 90tFFB/hr). POME will be supplied to Mistral from two sources:

- 1,050m^3/d of POME from the PYSB Mill under the PYSB POME Supply Agreement; and
- 240m^3/d of POME from the EFB Mill under the Cash Horse POME Supply Agreement.

This equates to a design flow rate of 55m^3/hr of POME.

Veolia has estimated that biogas production of the Plant following the Plant Upgrade will be as follows:

BIOGAS PRODUCTION		
POME	Quantity	1,300 M^3/day
Methane (CH4) Yield	0.30 – 0.35*	Kg/COD removed
Biogas System Performance	95	%
CH4 content in Biogas	50-55**	%
CH4 Production	1,460	M^3/h
Bigas Production	2,800	M^3/h

* Depending on blending between empty fruit branches and POME

** CH4 content may be affected by the blending and proportion of empty fruit bunch hydrolysis

ENERGY PRODUCTION	
Gas energy potential at 9.94 kWh / m^3 CH4	348 MWh/day ~ 14.5 MWh
Maximum electricity produced by gas engine (35% efficiency)	~ 4.3 – 5 MWe

Construction of the Plant Upgrade is scheduled to commence on 1 July 2015 and be commissioned by 28 December 2015.

3.14 Cash Horse POME Supply Agreement

Mistral has executed the Cash Horse POME Supply Agreement with Cash Horse to supply POME for use in the Plant following completion of the Plant Upgrade. See **section 12.5** for details of this agreement.

3.15 Future sale of electricity to the Grid

Once the Plant has been upgraded to a net export capacity of 3.5MW, the Incoming Directors intend that Mistral will enter into a new renewable energy power purchase agreement with SESB to sell electricity to the national electricity grid (**Grid**) at Mistral's approved FiT Rate of RM0.4169 per kWh (**Grid REPPA**).

On 9 February 2015, SEDA advised that Mistral had been granted a quota of 3.8MW and, on 27 February 2015, SEDA confirmed that Mistral had been granted Feed-in Approval to supply a fixed amount of electricity generated by the Plant monthly into the Grid at a price of RM0.4169 per KWh for a 16 year period commencing from 4 November 2015.

The Feed-in Approval gives Mistral priority to apply for a licence to sell electricity to the Grid. Once Mistral has this licence, it will enter into a Grid REPPA to sell the electricity it produces into the Grid at the set price of RM0.4169 per KWh for a term of 16 years.

The key terms of the standard form contract REPPA on which the Grid REPPA is likely to be based are summarised in **section 12.3**. Any deviation from this standard form contract will require the prior written approval of SEDA. Mistral will be required to supply at least 70% of

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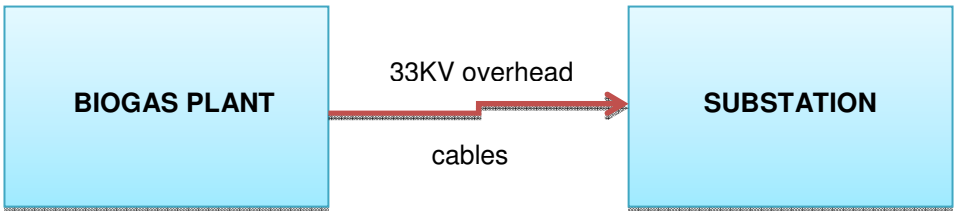
all electricity it produces to the Grid. Once the Plant has been connected to the Grid, SESB is obliged to purchase and distribute all the electricity produced and made available to the Grid from the Plant in priority to non-renewable energy sources.

The Grid REPPA must be submitted to and registered by SEDA before it has force and effect. The Feed-in Approval for the Plant Upgrade requires that a Grid REPPA be registered with SEDA by 15 June 2015.The FiT Rate of RM0.4169 per kWh will not be reduced as a result of the annual degression of the prevailing FiT date provided that the Plant first generates renewable energy for commercial sale under the registered Grid REPPA prior to 1 January 2017 (this is because SEDA has determined that there will be not reduction in FiT Rates for biogas installations on 1 January 2016 as a result of annual degression).

The Plant is located approximately 2.5km from the nearest interconnection point to the Grid. This is a substation that is owned and operated by SESB. An interconnection point that is already being used by Cash Horse is located at this substation. To enable Mistral to connect the Plant to this interconnection point, Mistral needs to construct some additional infrastructure that interfaces with the substation.



This infrastructure (overhead cables) will be constructed on land owned by PYSB under a Lease of Wayleave between PYSB and Mistral dated 8 May 2015 to enable Mistral to have the legal right to construct the infrastructure (see **section 12.10**). Mistral will own and operate the infrastructure once completed.

Mistral will also need to apply for a new licence under the *Energy Regulations 1994* (My) for a public installation in order to supply electricity to the Grid. An annual fee applies to this licence (which the Incoming Non-Independent Directors anticipate will be around RM6,000 to RM7,000 based on a similar fee paid Cash Horse in relation to its biomass power plant).

Before commencing to supply electricity under the Grid REPPA, the Plant will need to:

(a) meet an "acceptance test" which requires Plant to generate renewable energy at its designated output of power generation at a level of at least 70% of its installed capacity of 3.8MW for no less than 2 hours on no less than 2 occasions (**Acceptance Test**). A professional electrical engineer registered with the Board of Engineers Malaysia (**Qualified Person**) must prepare a report on this Acceptance Test for submission to SEDA. Mistral will also need to obtain a certificate from a Qualified Person stating that the Plant and the Grid interconnection facilities have been designed, constructed, installed and tested in accordance with prudent utility practices; and

(b) after satisfaction of the Acceptance Test, undertake a "reliability test" to test its efficiency (**Reliability Test**). The Reliability Test requires that the Plant runs for 7 continuous days with no more than 3 forced outagesand must be certified by a Qualified Person. If the Plant fails to meet the 40% electrical efficiency, Mistral will lose the bonus FiT Rate of RM0.0199. The Incoming Non-Independent Directors are of the view that Mistral could appeal such a loss and undertake another efficiency test in the future to claim back the bonus rate.

A further annual performance test will need to be undertaken every 12 months of operation or on completion of every 7,500 hours of operation (whichever is sooner).

3.16 Further renewable energy investments

If the demand for Malaysian palm oil continues to grow, and the Malaysian Government continues to provide attractive incentives for renewable energy generation, the Incoming

Directors may investigate further investments in renewable energy generation using palm oil production waste products in Malaysia.

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4. ABOUT TIMAH RESOURCES LIMITED

4.1 History

Timah was incorporated in New South Wales, Australia, on 16 February 2007 as a public limited company under the name of 'Vietnam Emerging Capital Limited'. It was established as an investment company to invest in the emerging market of Vietnam, including property development companies. It was listed on the NSX on 18 March 2008.

Timah changed its name from 'Vietnam Emerging Capital Limited' to 'Timah Resources Limited' on 7 January 2011.

Timah announced that it had entered into an agreement to acquire Exploration Licence E04/1589 from Starwolf Resources Pty Ltd on 9 June 2010. The acquisition completed in January 2011. From 2011 to 2013, Timah's primary business activity was iron ore mineral exploration, primarily on Bathurst Island in the North West Kimberley region of Western Australia under Exploration Licence E04/1589. In May 2013, Timah sold Exploration Licence E04/1589 to Regal Mining Pty Limited for $1,000,000 cash (as announced to the NSX on 20 March 2013 and 9 May 2013). Timah has subsequently been seeking further investment opportunities.

In June 2013, Timah entered into a Memorandum of Understanding with Phyo Kaday Min Co. Limited, a company registered in Myanmar, for a joint venture to explore for tin and tungsten in the Dawei and Myeik Districts in Myanmar (**MOU**) (as announced to the NSX on 6 June 2013). No joint venture agreement was entered into and Timah and Phyo Kaday Min Co. Limited terminated the MOU by consent on 3 October 2014.

Timah is currently not profitable as it does not have any business that is generating a revenue stream.

4.2 Share Sale Agreement

On 10 August 2014, Timah and Cash Nexus entered into the Share Sale Agreement for the purchase by Timah, and sale by Cash Nexus, of all the issued shares in Mistral. Further details of Mistral are set out in **section 5**.

A summary of the key terms and conditions of the Share Sale Agreement are set out in **section 4.10**.

In consideration for the sale of Mistral, Timah agreed to issue 85,500,000 Shares at A$0.10 per Share (**Consideration Shares**) to Cash Nexus. A condition precedent to completion of the Acquisition is that Timah applies for and is admitted to the official list of the ASX (amongst other conditions precedent, which are summarised in **sections 4.10(c) to 4.10(g)**).

Immediately following completion of the Acquisition and the issue of the Consideration Shares, Timah will undertake a 1 for 2 consolidation of its issued share capital (**Consolidation**). Immediately following the Consolidation, Timah will issue the Placement Shares to Cash Nexus and the Public Offer Shares to New Investors (**Subscription Shares**).

A summary of the comparisons in pricing for the Consideration Shares and Subscription Shares are set out below.

	Consideration Shares	Subscription Shares
Issue price	AUD 0.10	AUD 0.20
Basis of pricing	Based on the historical market price of Timah Shares currently traded on NSX.	Based on the required minimum issue price for Timah Shares to be quoted on the official list of ASX under Listing Rule 2.1. Condition 2 of the ASX Listing Rules.

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4.3 Capital structure

(a) **At the date of this Prospectus**

At the date of this Prospectus, Timah has one class of security on issue, comprising 80,252,626 fully paid ordinary shares. Timah has no options on issue.

As such, Timah's capital structure will be as follows at the date of this Prospectus (on a pre Consolidation basis):

Security type	Number
Ordinary Shares	80,252,626

At the date of this Prospectus, the substantial shareholders of Timah are as follows:

Name	No. of Shares	% Shareholding
Timah Pasir Sdn. Bhd.	10,500,000*	13.08%*
Mr Ahmad Ziyad Bin Elias	9,775,000	12.18%
Cash Nexus	9,500,000	11.84%
Mrs Siau Ben Tan	8,000,000	9.97%

* The Cash Nexus Parties acquired 9,500,000 Shares under the Call Option between Cash Nexus and Timah Pasir Sdn. Bhd.

(b) **After the issue of the Consideration Shares**

Timah's capital structure immediately following the issue of the Consideration Shares will be as follows (on a pre Consolidation basis):

Security type	Number
Ordinary Shares	165,752,626

As a result of the issue of the Consideration Shares, the Original Timah Shareholders (including the substantial shareholders listed above) will have their percentage shareholding diluted and Cash Nexus will hold (and the other Cash Nexus Parties will have a relevant interest in) 95,000,000 Shares (on a pre Consolidation basis) (57.31%).

Immediately following the issue of the Consideration Shares, the substantial holders of Timah will be:

Name	No. of Shares	% Shareholding
Cash Nexus	95,000,000*	57.31%
Timah Pasir Sdn. Bhd.	10,500,000	6.94%
Mr Ahmad Ziyad Bin Elias	9,775,000	5.90%

(c) **After the Consolidation**

Timah will undertake the Consolidation immediately following the issue of the Consideration Shares. As Timah's Share price at the date of this Prospectus is $0.11, after the Consolidation Timah's Share price will be approximately $0.20 (as required by Listing Rule 2.1, Condition 2).

Timah's capital structure immediately following the Consolidation will be as follows:

Security type	Number
Ordinary Shares	82,876,313

Immediately following the Consolidation, the number of Shares held by each substantial holder will change but their % shareholdings will remain the same:

Name	No. of Shares	% Shareholding
Cash Nexus	47,500,000	57.31%
Timah Pasir Sdn. Bhd.	5,250,000	6.94%
Mr Ahmad Ziyad Bin Elias	4,887,500	5.90%

(d) **After the issue of the Placement Shares**

Immediately following the issue of the Placement Shares, Timah's capital structure will be as follows (on a post Consolidation basis)

Security type	Number
Ordinary Shares	92,876,313

As a result of the issue of the Placement Shares, the Original Timah Shareholders (including the substantial shareholders listed above) will have their percentage shareholding further diluted and Cash Nexus will hold (and the other Cash Nexus Parties will have a relevant interest in) 57,500,000 Shares (on a post Consolidation basis) (61.91%).

Immediately following the issue of the Placement Shares, the substantial holders of Timah will be:

Name	No. of Shares	% Shareholding
Cash Nexus	57,500,000	61.91%
Timah Pasir Sdn. Bhd.	5,250,000	6.19%
Mr Ahmad Ziyad Bin Elias	4,887,500	5.26%

(e) **After the issue of the Public Offer Shares**

Assuming the Public Offer is fully subscribed, after the issue of the Public Offer Shares, immediately following the issue of the Public Offer Shares, Timah's capital structure will be as follows (on a post Consolidation basis):

Security type	Number
Ordinary Shares	97,876,313

As a result of the issue of the Public Offer Shares, the Original Timah Shareholders (including the substantial shareholders listed above) will have their percentage shareholding further diluted. If the Public Offer is fully subscribed, the Cash Nexus Parties will have their percentage interest diluted to 58.75%.

Assuming that the Public Offer is fully subscribed, after the issue of the Consideration Shares, the Consolidation and the New Shares, the substantial holders of Timah will be:

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Name	No. of Shares	% Shareholding
Cash Nexus	57,500,000	58.75%
Timah Pasir Sdn. Bhd.	5,250,000*	5.87%*
Mr Ahmad Ziyad Bin Elias	4,887,500*	4.99%*

*** Timah Pasir Sdn. Bhd. and Mr Ahmad Ziyad Bin Elias are eligible to subscribe for New Shares under the Public Offer. Therefore, they may acquire New Shares during the Public Offer which are not included in this table. Given that up to 5,000,000 New Shares will be issued under the Public Offer (approximately 5% of the total equity of Timah), none of these substantial holders will be likely to increase their % shareholding to above 10% as a result of any New Shares they may acquire under the Public Offer.

4.4 Directors' interests

Details of the Shareholdings of the Outgoing Directors and Incoming Directors are set out below. Please refer to section 7.2 for biographies of each of the Incoming Directors.

(a) **Outgoing Directors**

At the date of this Prospectus, the Outgoing Directors and Mr Jack Tan have the following shareholdings in Timah:

Name	No. of Shares held directly	No. of Shares held indirectly	Total % Shareholding
Jack Tian Hock Tan	946,743	136,001*	1.35%
Lawrence Nguyen	500,001	1,746,742**	2.80%
Ting Teck Kai	100,000	160,000	0.32%

* Mr Tan has a relevant interest in the Shares held by Coin Equities Pty Ltd.

** Mr Nguyen has a relevant interest in the Shares held by Lawrence Nguyen Nominees Pty Ltd.

The Shares held by Mr Jack Tan and Mr Lawrence Nguyen are likely to be restricted securities and will be escrowed for 2 years from first quotation of Timah's Shares on ASX.

(b) **Incoming Directors**

At ASX Listing, the Incoming Directors will have the following shareholdings in Timah:

Name	No. of Shares held directly	No. of Shares held indirectly	Total % Shareholding
Jack Tian Hock Tan	473,372***	68,001*	0.55%
Dato' Seri Mah King Thian	Nil	57,500,000**	58.75%
Dato' Seri Mah King Seng	Nil	57,500,000**	58.75%
Soong Swee Koon	Nil	Nil	Nil
Lee Chong Hoe	Nil	Nil	Nil

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Name	No. of Shares held directly	No. of Shares held indirectly	Total % Shareholding
Michelle Siew Yee Lee	Nil***	Nil	Nil

* Jack Tian Hock Tan has a relevant interest in the Shares held by Coin Equities Pty Ltd.

** Dato' Seri Mah King Thian and Dato' Seri Mah King Seng have a relevant interest in the Shares held by Cash Nexus.

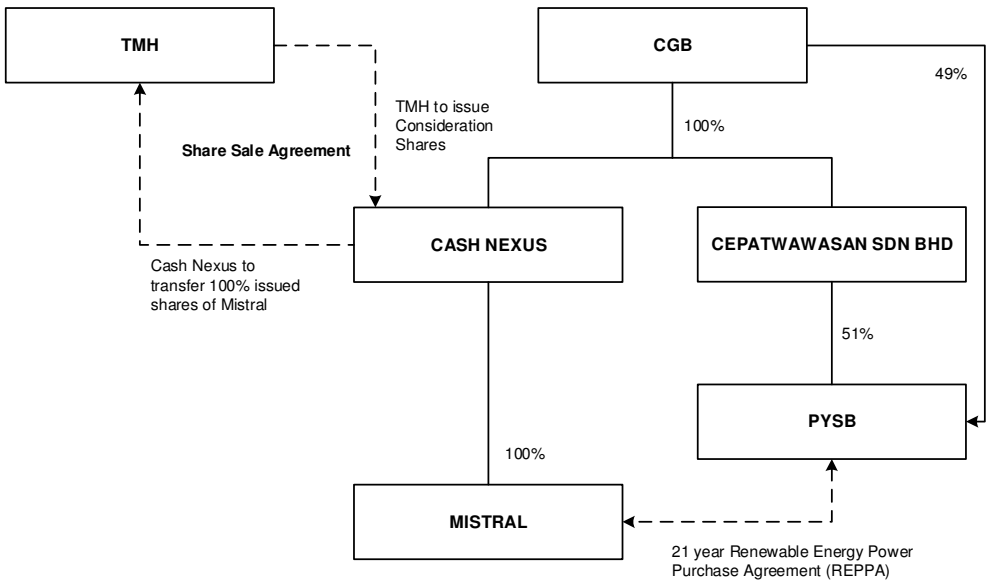
*** Jack Tian Hock Tan and Michelle Siew Yee Lew are eligible to subscribe for New Shares under the Public Offer. Therefore, they may acquire New Shares during the Public Offer which are not included in this table. Given that up to 5,000,000 New Shares will be issued under the Public Offer (approximately 5% of the total equity of Timah), Jack Tian Hock Tan or Michelle Siew Yee Lew will not become substantial holders of Timah as a result of any New Shares they may acquire under the Public Offer.

4.5 Timah structure

As at the date of this Prospectus, Timah has no subsidiaries. However, on completion of the Acquisition and prior to ASX Listing, Timah will acquire all of the issued shares in Mistral and Mistral will become a wholly owned subsidiary of Timah. Timah will also become a 58.75% to 61.91% owned subsidiary of Cash Nexus, which is in turn wholly owned by CGB.

A diagram of the Proposed Transactions and the associated changes in ownership is set out below (on a pre and post Acquisition basis):

Flow chart showing the acquisition of Mistral under the Share Sale Agreement



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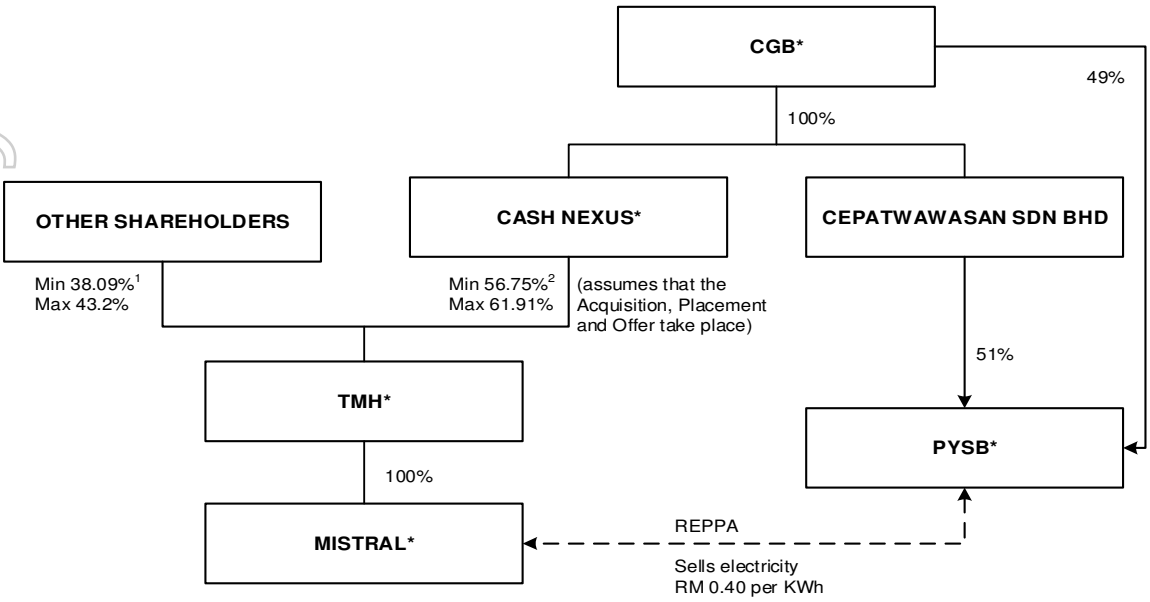
Following completion of Share Sale Agreement (acquisition of Mistral), Placement and Offer



*Common directors Dato' Seri Mah King Thian
Dato' Seri Mah King Seng

[1] Depending on the level of subscriptions under the Offer:
- Min assumes no take up under the Offer.
- Max assumes full take up under the Offer.

[2] Depending on the level of subscriptions under the Offer:
- Min assumes full take up under the Offer.
- Max assumes no take up under the Offer.

4.6 Relationship with Cash Nexus Parties

Timah had no pre-existing relationship with the Cash Nexus Parties until Timah and Cash Nexus executed the Share Sale Agreement. The Share Sale Agreement was negotiated on arm's length terms. On execution of the Share Sale Agreement, Cash Nexus became a "related party" of Timah under section 228(6) of the Corporations Act.

Timah sought and received a number of approvals from its Shareholders in respect of the Proposed Transactions (including as a result of Cash Nexus being a related party) at an Extraordinary General Meeting on 17 March 2015. Details of the approvals received are set out in **section 4.11**.

Cash Nexus has a number of Associates, including CGB (as its ultimate holding company), Dato' Seri Mah King Seng and Dato' Seri Mah King Thian (as its directors). From ASX Admission, Dato' Seri Mah King Seng and Dato' Seri Mah King Thian will also be Directors (and therefore Related Parties) of Timah.

4.7 Current operations

Timah is currently a shell company with negligible assets and cash flow and, other than as disclosed in **section 4.8**, no known material liabilities.

Timah currently carries on no business operations, other than sourcing and investigating potential investments, and has minimal expenses including the lease of the Kuala Lumpur office and the licence of its registered office in Sydney, the costs of maintaining a skeleton staff comprising two executive directors, a company secretary and an accountant and other compliance costs associated with maintaining a company.

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4.8 Financing Timah's past operations

Timah's minimal working capital requirements have historically been financed by the remaining cash generated from the sale of its exploration licence in 2013 and from loans from Directors (all of which have been written off) and a loan from shareholders..

As at the date of this Prospectus, the only remaining liability of Timah is a loan of $370,000 provided by Timah Pasir Sdn. Bhd under a loan agreement dated 4 June 105. See **section 12.12**.

4.9 Future growth

On 17 March 2015, the shareholders of Timah approved, amongst other things, the change of the nature and scale of activities of Timah as a result of the acquisition of Mistral and the movement of the quotation of Timah's shares from NSX to ASX.

The Incoming Directors intend to continue to operate Timah as an investment holding company. In the short term, the Incoming Directors will focus on growing Mistral's current business, but may investigate further investment opportunities in the renewable energy sector in Malaysia and potentially the renewable energy sector in Australia in the future. Please refer to **sections 3.15** and **3.16** for further details on future growth potential for Mistral.

4.10 Share Sale Agreement

The key terms of the Share Sale Agreement (as amended by the Supplemental Share Sale Deed dated 13 November 2014) are as follows:

(a) Timah will purchase all of the issued shares in Mistral from Cash Nexus. The consideration payable by Timah is the issue of 85,500,000 Shares at A$0.10 per Share (that is, the Consideration Shares), valued at A$8,550,000. The Consideration Shares will rank equally with the existing issued shares of Timah and will constitute (before the issue of the Placement Shares and the Offers Shares) at least 51.58% of the total issued and paid-up capital of Timah on completion under the Share Sale Agreement (**Completion**);

(b) Cash Nexus guarantees to Timah that the audited profit before tax of Mistral for FYE 31 December 2015 will not be less than A$900,000.00 (**Guaranteed PBT**) (and "profit" is defined as incomes, profits and gains, the value of any supply and any other consideration, value or receipt used or charged for taxation purposes). In the event that the actual audited profit before tax of Mistral for FYE 31 December 2015 falls below the Guaranteed PBT (**Shortfall**), Cash Nexus will pay Timah the amount of the Shortfall;

(c) the Purchaser must satisfy the following conditions precedent for completion under the document:

  (i) satisfactory results from its legal, commercial and financial due diligence on Mistral (Timah confirmed that it was satisfied with the results of its due diligence on Mistral on 23 January 2015);

  (ii) termination of all other previous corporate proposals and confirming with Cash Nexus that Timah does not have any outstanding obligations or liabilities (Timah terminated the MOU, being its last outstanding corporate proposal, on 3 October 2014, and confirmed to Cash Nexus that it had no outstanding obligations or liabilities on 3 October 2014);

  (iii) obtaining shareholders' approval for each of the Resolutions (which are in each case also subject to ASX Approval), as detailed in **section 4.11** of this Prospectus (Timah obtained shareholder approval for each of the Resolutions on 17 March 2015);

  (iv) resignation of directors and company secretary of Timah, effective on admission of Timah's Shares to the official list of the ASX, without any claim of compensation and payment; and

  (v) obtaining all approvals or waivers from governmental authorities or regulatory bodies relating to this transaction;

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(d) Cash Nexus must satisfy the following conditions precedent to Completion:

(i) satisfactory results from its legal, commercial and financial due diligence on Timah (Cash Nexus confirmed that it was satisfied with the results of its due diligence on Timah on 22 December 2014);

(ii) becoming registered as the legal and beneficial owner of 100% of the issued share capital of Mistral (Cash Nexus became the legal and beneficial owner of 100% of the issued shares of Mistral when it required the remaining shares not held by Cash Nexus from the minority shareholder, Power Precinct Sdn. Bhd., on 15 August 2014);

(iii) procuring that Mistral becomes the registered, legal and beneficial owner of the Lease (Mistral became the registered, legal and beneficial owner of the Lease on 19 September 2014);

(iv) receiving all approvals required for the Acquisition and Placement under the laws of Malaysia, including the approval of the shareholders of CGB at a general meeting, the approval of Cash Nexus' shareholder (ie CGB) and the approval of the directors of each of CGB and Cash Nexus (CGB shareholder approval was obtained at its extraordinary general meeting held on 11 March 2015, Cash Nexus shareholder approval was obtained on 11 March 2015, approval of the directors of CGB was obtained on 11 March 2015 and approval of the directors of Cash Nexus was obtained on 11 March 2015);

(v) procuring that Mistral obtain any consents or approvals under the material contracts (Timah has waived this condition precedent to the extent that it relates to Cash Nexus procuring the written consent of AmBank under the GTF Scheme Loan to the change of control effected by the Share Sale Agreement); and

(vi) providing signed consents to act as directors or company secretary (as applicable) of the Purchaser (as at the date of this Prospectus, each of the Incoming Directors have provided signed consents to act to Timah);

(e) Timah and Cash Nexus must enter into a share subscription agreement for the Placement Shares (that is 10,000,000 Shares at $0.20 per Share) as a condition precedent to Completion;

(f) once the conditions precedent described in paragraphs (b), (d) and (e) have been satisfied or waived, Timah must promptly lodge this Prospectus with ASIC and apply to ASX for ASX Admission (Timah has satisfied the former obligation on the date of this Prospectus and will satisfy the latter obligation within 7 days of the date of this Prospectus);

(g) ASX Approval being granted is the final condition precedent to Completion;

(h) prior to Completion, Timah has undertaken to, and Cash Nexus has undertaken to procure that Mistral will, carry on business in the normal course and not do anything that is not in its ordinary course of business (in addition to further pre-Completion undertakings which the Directors consider are customary for a deal of this nature);

(i) both parties have given representations and warranties which the Directors consider are customary for a deal of this nature;

(j) liability for both Timah and Cash Nexus is capped at A$4,275,000 (50% of the consideration). The minimum claims threshold is set at A$90,000. Any notice of claims must be made within 12 months after Completion;

(k) the Share Sale Agreement can be terminated by either party giving written notice to the other party, where the other party commits a breach in the following circumstances:

(i) any continuing breach of any of its obligations under the Share Sale Agreement;

(ii) failure, neglect or refusal to perform or comply with any of its undertakings, obligations and covenants;

(iii) any events of insolvency;

(iv) failure to obtain relevant regulatory and legal approvals as required under the Share Sale Agreement; or

(v) any of the conditions precedent not satisfied or waived by the cut-off date, being 10 October 2015 (12 months from the date of the Share Sale Agreement);

(l) Timah is also entitled to terminate the Share Sale Agreement if either Cash Nexus or Mistral cease or threaten to cease to carry on whole or any substantial part of its business; and

(m) if either party terminates the Share Sale Agreement, all documents and information delivered by one party to the other party must be returned to the relevant party. Neither party will have any further obligations under the Share Sale Agreement, except in respect of their confidentiality obligations.

4.11 Shareholder approvals

On 17 March 2015, the shareholders of Timah at that date at the Shareholders Meeting approved a number of resolutions in connection with the Proposed Transactions undertaken in conjunction with Timah's ASX Listing. These approvals were as follows:

(a) subject to each of the resolutions set out in paragraphs (b) to (k) below being approved, for Timah to apply to ASX for ASX Admission;

(b) for the purchase by Timah of all the issued shares of Mistral from Cash Nexus;

(c) for the significant change to the nature and scale of Timah's activities as a result of the acquisition of Mistral;

(d) for the issue of the Consideration Shares to Cash Nexus;

(e) for the Consolidation;

(f) for the issue of the Placement Shares to Cash Nexus;

(g) for the issue of Public Offer Shares to Investors under the Public Offer;

(h) for the appointment of each of the Incoming Directors as directors of Timah on and from the date of ASX Admission;

(i) approving the PYSB REPPA (as PYSB is a related party of Timah and Mistral);

(j) the delisting of Timah from the NSX on ASX Admission; and

(k) the acquisition of 9,500,000 Shares by Cash Nexus on the exercise of a call option between Cash Nexus and Timah Pasir Sdn. Bhd under the Call Option Agreement.

Each of the approvals set out in paragraphs (b) to (k) above are conditional on ASX Approval being received.

If ASX Approval is not received, then the Transactions (including the issue of the Offers Shares and the Placement Shares) will not take place.

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5. ABOUT MISTRAL AND ITS RELATED ENTITIES

5.1 History and overview

Mistral was incorporated in Malaysia on 31 July 2012.

Mistral is principally engaged in the business of renewable energy generation using the Plant. Mistral operates the Plant on a "build, own and operate basis". The Plant is located next to each of the PYSB Mill and the EFB Mill in Sandakan, Sabah, Malaysia.

Currently, Mistral supplies all the energy it produces to PYSB under the PYSB REPPA (which is described in more detail in **sections 3.5** and **12.2**). Once the Plant Upgrade is complete, the Incoming Directors intend that Mistral will supply all the energy it produces to the Grid under a Grid REPPA (which is described in more detail in **sections 3.15** and **12.3**).

Mistral holds:

(a) a private installation licence under the Electricity Supply Act to operate and supply energy from the Plant for its own consumption, granted by Suruhanjaya Tenaga (the Energy Commission of Malaysia) under the Electricity Regulations (licence no. SSD 138/2014) with an expiry date of 6 March 2016;[19] and

(b) a trading licence to allow Mistral to conduct the business of a contractor supplying electricity granted by the Sandakan Town Council (reference no. R25116/2013) with an expiry date of 31 December 2015.

These licences are the key authorities required to enable Mistral to supply energy to PYSB under the PYSB REPPA (further details of authorities required in connection with the Plant are set out in **section 3.11**).

Mistral commenced operations of the Plant on 1 August 2013. As at the date of this Prospectus, the operations of the Plant have not generated sufficient revenue for Mistral to be profitable – see **section 3.12**.

5.2 Capital structure

As at the date of this Prospectus, Mistral has an authorised share capital of RM10,000,000 (consisting of 10,000,000 ordinary shares of RM1 each) and an issued and fully paid up share capital of RM 9,250,000 (consisting of 9,250,000 ordinary shares of RM1 each).

5.3 Mistral Directors

At the date of this Prospectus, the directors of Mistral (**Mistral Directors**) are:

(a) Dato' Seri Mah King Thian; and

(b) Dato' Seri Mah King Seng.

Each of the Mistral Directors will remain in their positions following the completion of the acquisition of Mistral by Timah.

5.4 Substantial shareholders and related parties

As at the date of this Prospectus, Mistral is a wholly owned subsidiary of Cash Nexus, which in turn is a wholly owned subsidiary of CGB.

Cash Nexus acquired 100% of the issued share capital of Mistral on 31 August 2014 when it acquired the remaining 75,000 shares not held by Cash Nexus from Mistral's then minority shareholder, Power Precinct Sdn. Bhd.

As discussed in **section 4.3**, on completion of the Acquisition:

(a) Mistral will become the wholly owned subsidiary of Timah; and

(b) Cash Nexus will obtain a maximum of 61.91% shareholding in Timah,

[19] This licence is for a private installation of capacity up to 2074 kilowatts. Mistral will be applying for a public installation licence for a net export capacity of at least 3.5MW before it enters into the Grid REPPA.

meaning that Mistral will ultimately remain a subsidiary of Cash Nexus and CGB (see **section 4.5** for further a diagram of the ownership structure pre and post completion of the Acquisition under the Share Sale Agreement).

The substantial shareholders of CGB are as follows:

	No. of Shares		No. of Shares		
Name	**Direct**	**%**	**Indirect**	**%**	
MHC Plantations Bhd	88,831,200	28.75	30,000,000	9.71	(1)
Dato Mah Pooi Realty Sdn Bhd			118,831,200	38.46	(2)
Dato Seri Mah King Thian @ Mah King Thiam			118,831,200	38.46	(2)
Dato Seri Mah King Seng			118,831,200	38.46	(2)
Dato Seri Ooi Ah Thin			118,831,200	38.46	(2)
Yew Lee Holding Sdn Berhad	16,055,250	5.20	13,944,750	4.51	(3)

Notes:

(1) Deemed interested pursuant to Section 6A of the Companies Act 1965 (My) by virtue of its shareholding in Yee Lee Holdings Sdn. Berhad and Hutan Melintang Plantations Sdn. Berhad.

(2) Deemed interested pursuant to Section 6A of the Companies Act 1965 (My) by virtue of its shareholding in MHC Plantations Bhd.

(3) Deemed interested pursuant to Section 6A of the Companies Act 1965 (My) by virtue of its shareholding in Hutan Melintang Plantations Sdn. Berhad.

Dato' Seri Mah King Thian and Dato' Seri Mah King Seng have a relevant interest in MHC Plantations Bhd (**MHC**) of 47.21% and 47.33% respectively. They each have a relevant interest in CGB via their shareholdings in MHC, its wholly owned subsidiary Yew Lee Holdings Sdn. Berhad, and Hutan Melintang Plantation Sdn Berhad. MHC holds 33.95% of the shares in CGB (28.75% directly and 5.20% through Yew Lee Holdings Sdn. Berhad).

Dato' Seri Mah King Thian and Dato' Seri Mah King Seng are both directors of each of Mistral, Cash Nexus, CGB, MHC, PYSB and Cash Horse.

5.5 Financing Mistral's operations

Mistral historical financing

Mistral's operations have historically been financed by loans sourced under the GTF Scheme and from related party members of the CGB group. This included a loan from PYSB to Mistral and a loan from Cash Horse to Mistral. Each of these loans from PYSB and Cash Horse consolidated into the more recent loan between CGB and Mistral (described below), with the result being that Mistral is no longer liable to PYSB or Cash Horse for those amounts (and CGB will settle any outstanding amount directly with PYSB or Cash Horse).

As at the date of this Prospectus, the loans that are outstanding as follows:

(a) **GTF Scheme Loan**

Mistral has borrowed RM15,000,000 (approximately A$5,244,750) from AmBank (M) Berhad under the GTF Scheme (**GTF Scheme Loan**). The GTF Scheme Loan was provided to finance up to 81% of Mistral's original development costs of the Plant. The terms of the GTF Scheme Loan are summarised in **section 12.6**.

The GTF Scheme Loan has been fully drawn down by Mistral and Mistral is presently making monthly repayments of both principal and interest in accordance with the repayment instalment obligations under the GTF Scheme Loan. As at

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23 December 2014, the amount outstanding was RM13,212,500 (approximately A$4,619,750) and the interest rate was 6.17%pa. This has been paid down since then at the rate of RM137,500 principal and RM61,399.95 per month.

(b) **CGB Loan**

CGB has executed an internal loan facility agreement with Mistral dated 8 May 2015 under which Mistral can borrow up to a maximum of RM20,000,000 (**CGB Loan**). The purpose of the CGB Loan is to provide Mistral with a line of funds for its daily operation and business development needs, including the satisfaction of the amounts payable to Veolia under the Plant Upgrade. The CGB Loan is unsecured. The terms of the loan agreement for the CGB Loan are summarised in **section 12.7**.

As at 31 May 2015, the amount drawn down by Mistral to CGB under the CGB Loan is RM7,582,198.81 (approximately A$2,650,000).

Each of the GTF Scheme Loan and the CGB Loan will remain in place as facilities and obligations of Mistral following completion of the acquisition of Mistral by Timah.

Sale of electricity to PYSB

Currently, Mistral's sole source of revenue is from electricity sales under the PYSB REPPA (see **section 12.2** for details), under which Mistral sells and delivers electricity generated by the Plant to PYSB at RM0.40 per KWh. This price payable by PYSB is slightly higher than the FiT Rate of RM0.3986 per KWh for similar installations as currently published by SEDA (the published rate is RM0.32 per KWh plus a bonus rate of RM0.0786 per KWh for biogas installations using agricultural waste as feedstock) and, while there is no price adjustment mechanism in the PYSB REPPA, the parties have previously adjusted the price by agreement to ensure it is broadly in line with the adjustments to the FiT Rate by SEDA.

The term of the PYSB REPPA is 21 years. Prior to the date of this Prospectus, the amounts due to be paid by PYSB for the supply of electricity under the PYSB REPPA were offset against amounts owing by Mistral to PYSB under the PYSB Loan. As set out above, the PYSB Loan has now been fully repaid. Accordingly, from the date of this Prospectus, PYSB will pay those amounts to Mistral. This will continue until the sale of electricity under the Grid REPPA commences and the PYSB REPPA is terminated.

PYSB is a related party of Mistral and Timah because it is ultimately controlled by CGB (which directly holds 49% of the issued shares in PYSB, the remaining 51% of the issued shares being held by Cepatwawasan Sdn. Bhd., a wholly owned subsidiary of CGB). Because of this, the PYSB REPPA was approved by the Shareholders for the purposes of the NSX Listing Rules and Chapter 2E of the Corporations Act (as a substantial asset acquired from, and a financial benefit given to, a related party) at the general meeting of Timah on 17 March 2015.

Sale of CERs

The Plant is qualified as a Clean Development Mechanism project under the Kyoto Protocol which entitles the Plant to generate and sell CERs. Mistral is contracted to sell CERs to the Danish Ministry of Climate and Energy and Nordjysk Elhandel A/S under the Letters of Intent dated 24 October 2008.

However, as the price of CERs is currently so low, the Incoming Directors do not consider this to be a material aspect of Mistral's business.

5.6 Guaranteed income for FYE 31 December 2015

Under the Share Sale Agreement, Cash Nexus provided a guarantee to Timah as a condition of the acquisition of Mistral by Timah that the audited profit before tax of Mistral for FYE 31 December 2015 will not be less than A$900,000.00 (**Guaranteed PBT**). The term "profit" is defined as incomes, profits and gains, the value of any supply and any other consideration, value or receipt used or charged for taxation purposes.

In the event that the actual audited profit before tax of Mistral for FYE 31 December 2015 falls below the Guaranteed PBT (**Shortfall**), Cash Nexus will pay Timah the amount of the Shortfall to ensure that Mistral earns the Guaranteed PBT.

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Timah has contractual rights against Cash Nexus to enforce this obligation. Assuming the Acquisition completes, Cash Nexus and Timah will share common directors and Cash Nexus will be the controlling shareholder of Timah, which means that there is a risk that the Incoming Directors would not enforce the obligation on Cash Nexus to pay the Shortfall. However, the Outgoing Directors believe that the risk of this occurring is very low. This is because the directors of Timah will be bound by their directors' duties under the Corporations Act and common law, which require them to act in good faith and in the best interests of Timah and to not use their position to the detriment of Timah (amongst other things). As such, a failure to enforce the obligation to pay the Shortfall is likely to result in a breach of directors' duties, which could have significant repercussions for a director and is likely to act as a strong incentive to enforce this obligation.

The Guaranteed PBT reflects the financial support from Cash Nexus for one year and does not necessarily indicate that the operations of Mistral will generate this profit in the year ending 31 December 2015 or in subsequent financial years. The A$900,000 profit guarantee was agreed during negotiations conducted between the directors of Timah and the directors of Cash Nexus prior to signing of the Share Sale Agreement, based on the respective directors' belief in the long term prospects of Mistral. Given Mistral has a limited operating history and has not yet generated profits, the amount of the profit guarantee is not a forecast based on Mistral's past performance.

5.7 Future financing of Mistral

The Incoming Directors intend to finance Mistral's future operations and capital expenditure as follows:

- by utilising the net funds raised under the Offers (after the deduction of the expenses of conducting the Proposed Transactions and the Offers) through intercompany loans to Mistral as follows:
  - approximately $500,000 for working capital, including operating expenditure for the Plant and corporate expenses; and
  - approximately $2,450,000 for capital expenditure to undertake the Plant Upgrade (see **section 3.13**);
- by Mistral utilising the CGB Loan as follows:
  - approximately $500,000 for operating expenditure for the Plant; and
  - approximately $4,000,000 for capital expenditure to undertake the Plant Upgrade (see **section 3.13**);
- whilst the PYSB REPPA is in force, through the revenue received by Mistral from the sale of electricity under the PYSB REPPA to repay the CBG Loan and the GTF Scheme Loan (to the extent they remain) and then as working capital; and
- when the Grid REPPA is in force, by applying the revenue received by Mistral from the sale of electricity under the Grid REPPA to repay the CBG Loan and the GTF Scheme Loan (to the extent they remain) and then as working capital; and
- as necessary, by obtaining and using additional loans from CGB.

5.8 Tax

Mistral applied for and was granted a right to claim the ITA, which is described in **section 2.5**. Mistral is entitled to claim 100% of the qualifying capital expenditure as ITA and this amount can be utilised against 100% of statutory income.

Mistral is currently in the process of preparing a claim to offset its capital expenditure incurred during the validity period for the ITA (which was from 12 October 2009 to 11 October 2014) against its future taxable income.

Mistral is also entitled to claim the prevailing rates of capital allowances for the capital expenditure on the Plant incurred outside the ITA validity period to offset against its adjusted business income going forward.

The change of control following the acquisition of Mistral by Timah will not affect Mistral's ability to claim tax deductions.

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5.9 Insurance

Mistral maintains fire insurance in respect of the Plant for an amount of RM18,600,000. The Incoming Non-independent Directors believe that fire is the key insurable risk for the Plant.

The Plant is also covered by the public liability insurance maintained by Mistral.

Workers employed by Mistral or its related bodies corporate that are Malaysian citizens or permanent residents of Malaysia are covered by SOCSO (the Social Security Organization of Malaysia). In light of this, the Incoming Non-independent Directors consider that workers compensation insurance is not required. Mistral maintains a policy for foreign workers' insurance in respect of those workers not covered by SOCSO.

Other key risks, such as environmental damage, are not insurable.

5.10 Employees

Currently, Mistral employs a Plant Manager, Assistant Plant Manager, Machinery & Generator Technician, Engine Driver and Auxiliary Police (guards). It also engages a Lab Assistant and 7 Biogas Operators as contractors.

5.11 Services Agreement

Timah and Cash Horse are parties to a Services Agreement under which Cash Horse supplies the services of certain key executives to Timah.

The services of the Executive Chairman, Managing Director, Chief Operating Officer, Group General Manager and Plant Accountant are each supplied to Timah and Mistral under the Services Agreement.

The terms of the Services Agreement are summarised in **section 12.8**.

5.12 Material contracts

Mistral has several material contracts. The material terms of each of the PYSB REPPA, the PYSB POME Supply Agreement, the proposed Grid REPPA, the Plant Upgrade Contract, the Cash Horse POME Supply Agreement, the GTF Scheme Loan, the CGB Loan, the Services Agreement, the Lease of Wayfare and the Timah Pasir Loan are summarised in **section 12**.

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6. FINANCIAL INFORMATION

6.1 Basis and method of preparation

The purpose of this section is to provide a financial perspective of Timah Resources Limited ("Timah") following completion of the acquisition of 100% of Mistral Engineering Sdn. Bhd. ("Mistral"), and completion of this Offer.

The Historical Financial Information presented comprises the following:

- the historical consolidated statements of financial performance for the years 1 January 2013 to 31 December 2013 ("CY2013") and 1 January 2014 to 31 December 2014 ("CY2014") for Mistral;
- the historical consolidated statements of financial position as at 31 December 2014 of Timah and Mistral.
- significant accounting policies and material accounting matters.

The Pro forma Consolidated Historical Financial Information presented comprises the following:

- the pro forma consolidated statement of financial position of Timah as at 31 December 2014, assuming the acquisition of Mistral, completion of the Offer and material events that have occurred subsequent to 31 December 2014 as disclosed in the Prospectus.

Timah's historical financial information has been audited annually and subject to a half year review as at 31 December 2014 by Hall Chadwick. Hall Chadwick issued an unmodified opinion on the 31 December 2014 financial report. The auditor's opinion included an emphasis of matter regarding a material uncertainty as to the going concern of the Company due to net losses incurred and negative cash flows from operations.

The historical financial information of Mistral has been extracted from its annual financial reports which were audited by Ernst & Young Malaysia. Ernst & Young issued an unmodified audit opinion on the financial reports.

Historical and Pro forma consolidated statements of financial performance have not been disclosed for Timah as the historical results of Timah are not relevant to its future operations, being those of Mistral.

Mistral financial statements are prepared in Malaysian Ringgits ("RM") but have been converted to Australia dollars as follows:

- For the statements of financial performance, at the average annual exchange rates of 1AUD:3.0457RM for CY2013 and 1AUD:2.9514RM for CY2014; and
- For the statement of financial position, the spot exchange rate as at 31 December 2014 of 1AUD:2.8666RM.

The Historical and Pro forma Consolidated Financial Information should be read in conjunction with the Independent Accountant's Report.

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6.2 Statements of financial performance for Mistral

Set out in the table below are the summarised consolidated historical statements of financial performance for Mistral. This information should be read in conjunction with the information provided elsewhere in this Prospectus.

Mistral Consolidated Statements of Financial Performance	CY2014	CY2013
Revenue	608,585	143,666
Cost of sales	(383,341)	(77,588)
Gross profit / (loss)	225,244	66,078
Administrative expenses	(30,119)	(20,343)
Depreciation and amortisation	(491,929)	(201,278)
Finance costs	(290,613)	(122,182)
Profit / (loss) before income tax	(587,418)	(277,724)
Income tax benefit	135,883	65,288
Profit / (loss) after income tax	(451,535)	(212,436)

6.3 Historical and Pro-forma statements of financial position

Set out in the table below are the historical consolidated statements of financial position for Timah and Mistral as at 31 December 2014, and a pro forma consolidated statement of financial position assuming the acquisition of Mistral and completion of the Offer as if it occurred on 31 December 2014 and adjustments for other material events that have occurred subsequent to that date as detailed in the notes below.

	Reviewed Consolidated	Audited Consolidated	Pro-Forma Consolidated
	Statement of financial position 31 December 2014[1]	Statement of financial position 31 December 2014[2]	Statement of financial position [3]
	Timah	Mistral	
Current Assets			
Cash assets	85,905	180,236	3,186,141
Trade and other receivables	7,016	30,874	37,890
Inventories	-	9,813	9,813
Prepayments and deposits	-	50,281	50,281
	92,921	271,204	3,284,125
Non-Current Assets			
Plant and equipment	563	8,371,048	8,371,611
Deferred tax assets		209,271	209,271
	563	8,580,318	8,580,882

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	Reviewed Consolidated	Audited Consolidated	Pro-Forma Consolidated
	Statement of financial position 31 December 2014[1]	Statement of financial position 31 December 2014[2]	Statement of financial position [3]
	Timah	Mistral	
Total Assets	93,484	8,851,523	11,865,007
Current Liabilities			
Trade and other payables	7,900	301,055	308,955
Financial liabilities		576,882	576,882
Loans – related parties	80,000	1,551,923	370,000
	87,900	2,429,859	1,255,837
Non-Current Liabilities			
Loans – related parties	-	-	1,551,922
Financial liabilities	-	4,033,524	4,033,524
	-	4,033,524	5,585,447
Total Liabilities	87,900	6,463,383	6,841,283
Net Assets	5,584	2,388,140	5,023,724
Equity			
Issued capital	2,419,950	3,226,819	12,176,426
Accumulated losses	(2,414,366)	(838,680)	(7,152,703)
Total Equity	5,584	2,388,140	5,023,724

Notes:

1. Column 1 represents the reviewed historical consolidated statement of financial position of Timah as at 31 December 2014.

2. Column 2 represents the audited historical consolidated statement of financial position of Mistral as at 31 December 2014, converted from Malaysian Ringgit (RM) into Australian dollars (AUD) at the 31 December 2014 spot rate of 1 AUD = 2.8666 RM.

3. Column 3 represents the pro forma consolidated statement of financial position of Timah assuming:

   (a) The acquisition of 100% of Mistral by Timah on 30 June 2014 through the issue of 42,750,000 Mistral shares (post 1:2 consolidation) at a deemed issue price of $0.20 per share. As Timah has no existing business and Mistral shareholders will obtain control of Timah, the consolidated financial statements of the legal parent (Timah) are presented as a continuation of the financial statements of the main private operating entity (Mistral). The effect of the acquisition on issued capital is shown at note 5 below. The effect of the acquisition on accumulated losses includes the elimination of accumulated losses in Timah and the write-off of goodwill associated with the reverse acquisition totalling $5,998,198;

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(b) Public Offer of 5,000,000 New Shares at $0.20 per Share to raise $1,000,000;

(c) Placement of 10,000,000 New Shares at $0.20 per Share to Cash Nexus or its nominee to raise $2,000,000;

(d) Repayment of loans from Directors in the Company totalling $80,000;

(e) Loan advanced from Timah Pasir Sdn. Bhd. to the Company totalling $370,000 for the purpose of paying for costs associated with the Public Offer;

(f) Estimated costs associated with the Public Offer of $370,000, allocated as $54,175 to contributed equity relating to the issue of Shares and $315,825 to accumulated losses.

4. Cash assets comprise the following:

	Cash $
Cash balance from Timah as at 31 December 2014	85,905
Cash balance from Mistral as at 31 December 2014	180,236
Cash assets as at 31 December 2014	**266,141**
Loan repayments	(80,000)
Loan received	370,000
Proceeds from Public Offer	1,000,000
Proceeds from Placement	2,000,000
Offer costs	(370,000)
Cash as per pro forma statements of financial position	**3,186,141**

5. Issued capital is calculated as follows:

	No. of Shares	**$**
Number of shares currently on issue (post 1:2 consolidation)	40,126,313	2,419,950
Shares issued to Mistral	42,750,000	8,550,000
Elimination of Mistral shares on issue at time of acquisition		(1,739,349)
Total Shares on issue post transaction	**82,876,313**	**9,230,601**
Public Offer	5,000,000	1,000,000
Placement	10,000,000	2,000,000
Offer costs to equity		(54,175)
Total Shares issued post transaction and Offer	**97,876,313**	**12,176,426**

6.4 Statement of Significant Accounting Policies

Basis of preparation

The financial information of Timah and Mistral has been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for profit oriented entities. The financial information also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

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Principles of consolidation

The consolidated financial information incorporates the assets and liabilities of all subsidiaries of Timah Resources Limited and Mistral ('company' or 'parent entity') as at 31 December 2014 and the results of all subsidiaries and special purpose entities for the periods specified. Timah and Mistral together are referred to in this financial information as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The effects of potential exercisable voting rights are considered when assessing whether control exists. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Special purpose entities ('SPEs') are those entities where the consolidated entity, in substance, controls the SPE so as to obtain the majority of benefits without having any ownership interest.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries and special purpose entities have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Revenue recognition

Revenue is recognised when it is probable that the economic benefit will flow to the consolidated entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

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Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 60 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

Property, Plant and Equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Such cost includes the cost of replacing parts of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced at intervals, the Company recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Long term leasehold land	Over remaining lease term of land
Buildings and infrastructure	5% - 7%
Heavy equipment, plant and machinery	6% - 10%
Furniture, fittings and equipment	10%

Assets under construction are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss when the asset is derecognised.

Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

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Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Share Based Payment

As Timah has no existing business and Mistral shareholders will obtain control of Timah, the consolidated financial statements of the legal parent (Timah) are presented as a continuation of the financial statements of the main private operating entity (Mistral). The acquisition of Timah is in return for shares issued by Mistral and accounted for as a share-based payment in return for the assets acquired and a listing.

The consolidation of these two companies is on the basis of the continuation of Mistral with no fair value adjustments, whereby Mistral is deemed to be the accounting parent and Timah is the subsidiary. The transaction is treated as a share-based payment under AASB 2 Share-based Payments.

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7. BOARD, MANAGEMENT AND CORPORATE GOVERNANCE

7.1 Board of Directors

At the date of this Prospectus, the directors of Timah are:

(a) Jack Tian Hock Tan;

(b) Lawrence Nguyen; and

(c) Ting Teck Kai.

Andrew Wallis is the company secretary of Timah.

On completion of the Transaction, the current directors and company secretary of Timah will resign and Cash Nexus will appoint the following as directors of Timah:

(a) Dato' Seri Mah King Seng;

(b) Dato' Seri Mah King Thian;

(c) Lee Chong Hoe;

(d) Soong Swee Koon;

(e) Michelle Siew Yee Lee; and

(f) Jack Tian Hock Tan, who will be re-appointed by Cash Nexus after resigning in accordance with the requirements of the Share Sale Agreement.

From ASX listing, Dato' Seri Mah King Thian will be appointed as Executive Chairman of Timah and Dato' Seri Mah King Seng will be appointed as Managing Director of Timah. Soong Swee Koon will be Timah's Chief Operating Officer.

7.2 Biographies of Incoming Directors

On ASX listing, the three Executive Directors of Timah will be:

(a) **Dato' Seri Mah King Thian @ Mah King Thian**

Dato' Seri Mah King Thian is a Malaysian resident aged 51 years old. He has almost 25 years of experience in oil palm cultivation, milling and construction.

Dato' Seri Mah King Thian is a director of each of Mistral, Cash Nexus, CGB and MHC, and also Chairman of CGB. He has a relevant interest in the Shares to be issued to Cash Nexus under the Proposed Transactions.

He graduated from Monash University, Australia with a Bachelor of Economics Degree, majoring in Accounting in 1986 and also a Bachelor of Laws Degree in 1987. He was subsequently admitted and enrolled as an Advocate and Solicitor of the High Court of Malaya in 1988. He is also a Fellow Member of Certified Practising Accountant Australia (FCPA). He is the Managing Director of MHC Plantations Bhd and a Director of Anson Oil Industries Berhad, both public companies, and also a Director of Behrang 2020 Sdn Bhd and several other private limited companies.

(b) **Dato' Seri Mah King Seng**

Dato' Seri Mah King Seng is a Malaysian resident and is aged 56 years old. He has more than 35 years of experience in oil palm cultivation, milling and construction.

Dato' Seri Mah King Seng is a director of each of Mistral, Cash Nexus, CGB and MHC, and Executive Chairman of MHC. He has a relevant interest in the Shares to be issued to Cash Nexus under the Proposed Transactions.

He graduated from University of Minnesota, United States of America with a degree in Agricultural Science in 1978. In 1980, he attended the Palm Oil Mill Engineer/Executive Training course on palm oil mill operations organised by the Malaysian Oil Palm Growers Council. He subsequently obtained his Bachelor of Laws Degree in 1985 from the University of Buckingham, United Kingdom and

was admitted and enrolled as an Advocate and Solicitor of the High Court of Malaya in 1990. He is the Executive Chairman of MHC Plantations Berhad and a Director of Anson Oil Industries Berhad, both public companies, and also a Director of Behrang 2020 Sdn Bhd and several other private limited companies.

(c) **Soong Swee Koon**

Soong Swee Koon is a Malaysian resident and is 59 years old.

He is a qualified engineer and holds qualifications in Steam Engineers Certificate of Competency (First Grade).

Soong Swee Koon started his career in power generation with Perak Hydro Electric Power Company (UK firm) in 1974. In the following years, he trained and specialised in power generation, Hydro and Steam Thermal Power Plants, and in the field maintenance and workshop overhaul of Cummins Diesel Engines and generators. From 1980 to1996, he worked as an engineer in United Plantations Bhd. The palm oil mill under Mr Soong's management was the winner of the Anugerah Award for Best Palm Oil Mill in Malaysia (2nd Place from year 1990-1995).

From 1996 to 2010, Mr Soong has served as senior engineer, technical advisor, project manager, regional consultant to a number of energy companies. Mr Soong joined his current company, MHC Plantations Bhd, in 2010 and is currently the Chief Operating Officer of MHC Plantations Bhd.

On ASX listing, the three Independent Directors of Timah will be:

(a) **Lee Chong Hoe**

Lee Chong Hoe (Billy Lee) is a Malaysian resident and is 50 years old.

Billy Lee graduated from Monash University, Australia with a double degree in Economics (majoring in Accounting) and Law in 1988. After completing his legal practical training course in Leo Cussen Institute of Melbourne, he was admitted to the Supreme Court of Victoria in 1989. He worked in Price Waterhouse Tax Services in Melbourne whereby he carried out research on the merger of family investment trusts and presented a paper on the Australian Budget 1989. Billy Lee then joined Peat Marwick Tax Services for a year in 1990 and decided to chamber in Messrs Albar Zulkifly & Yap. Upon admission to the Malaysian Bar, Billy Lee commenced practice in Messrs Oon Kong & Lee in August 1991 and later continued in Messrs Lee Choon Wan & Co in June 1992. He was involved in the listing of a few public listed companies and privatisation projects. In March 1997, he joined Messrs Lee, Perrara & Tan. He is currently a partner at Teh & Lee, advocates and solicitors.

(b) **Michelle Siew Yee Lee**

Michelle Siew Yee Lee is an Australian resident and is 35 years old.

She graduated from Monash University, Australia with a Bachelor of Business (Accounting) in 2003 and enrolled in the Chartered Accountant program, after which she worked as an accountant with several years of multi-industry experience.

Michelle's first employment was with a legal firm in Brisbane called MF Lyons and Associates, where she worked from 2004 to 2005. She then worked as a Project Accountant in Brisbane with Bechtel Australia Pty Ltd from 2005 to 2007. Her last employment was with Centro Properties Group in Melbourne as a Property Accountant from 2007 to 2009. Currently, she is actively involved in community work while serving her family.

(c) **Jack Tan**

Mr Jack Tan, an Australian citizen based in Sydney, graduated with a Bachelor of Business Administration from the University of Singapore. He has been a Director of Timah since 2008, when Timah was first listed on NSX.

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He is a director of his own investment company, Coin Equities Pty Ltd, and has more than 20 years' experience in finance roles and investment banking. He was the former Non-executive Chairman of e-pay Asia Limited, a leading prepaid mobile phone company based in Malaysia and listed on the ASX and was a non-executive director of Orocobre Limited, an emerging lithium and potash producer in Argentina.

7.3 Senior Management of Timah

At the date of this Prospectus, there are no senior management employed by Timah.

On completion of the Transaction, all senior management of Timah will be supplied by Cash Nexus to Timah under the Services Agreement, the terms of which are set out in **section 5.12**.

7.4 Senior Management of Mistral

Soong Swee Koon, the Chief Operating Officer of Mistral, will remain as Chief Operating Officer of Mistral and will also be appointed as a Director of Timah. Please refer to **section 7.2** for details of his experience.

Mr G. Viswanathan A/L Global joined Mistral as the Assistant Plant Manager on 28 November 2014. Mr Viswanathan obtained his Diploma in Electrical from the Workers Institute of Technology, and is an engineer with over 25 years of broad experience in industrial and project execution. Before joining CGB, he gained 5 years' experience working with biogas plants with Veolia Water Solution Technologies.

7.5 Corporate Governance

(a) Scope and responsibility of the Board

Responsibility for the proper corporate governance of Timah rests with the Board. The Board's guiding principle in meeting this responsibility is to act honestly, conscientiously and fairly, in accordance with the law, in the interests of Timah's Shareholders (with a view to building sustainable value for the Shareholders) and those of employees and other stakeholders.

The Board's broad function is to:

- chart strategy and set financial targets for Timah;
- monitor the implementation and execution of strategy and performance against financial and non-financial targets; and
- appoint and oversee the performance of executive management and generally to take and fulfil an effective leadership role.

Power and authority in certain areas is specifically reserved to the Board, consistent with its function as outlined above. These areas include:

- composition of the Board itself, including the appointment and removal of Directors;
- overseeing Timah, including its control and accountability system;
- appointment and removal of senior management including the Managing Director, Chief Executive Officer, Chief Financial Officer, Executive Directors and Company Secretary and certain other senior executives;
- reviewing and overseeing systems of risk management and internal compliance and control, codes of ethics and conduct, and legal and statutory compliances;
- monitoring senior management's performance and implementation of strategy; and
- approving and monitoring financial, other reporting and the operation of committees.

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(b) **Composition of Board**

The Board performs its roles and function, consistent with the above statement of its overall corporate governance responsibility, in accordance with the following principles:

- the Board should comprise at least three Directors with a maximum of nine Directors; and
- Directors will be elected for a three year term.

Timah has 3 independent Non-Executive Directors, Lee Chong Hoe, Michelle Siew Yee Lee and Jack Tian Hock Tan.

(c) **Board charter**

The Board has recently adopted a Board Charter (which will be kept under review and amended from time to time as the Board may consider appropriate), the purpose of which is to give formal recognition to the matters outlined above. This charter sets out various other matters that are important for effective corporate governance including the following:

- a detailed definition of "independence" for purposes of appointment of Directors;
- a framework for annual performance review and evaluation;
- approval of criteria for monitoring and evaluating the performance of senior executives;
- approving and monitoring capital management and major capital expenditure;
- frequency of Board meetings;
- ethical standards and values - ensuring compliance with Timah's governing documents and code of conduct;
- risk management - identifying risks, reviewing and ratifying Timah's systems of internal compliance and control;
- establishment of Board committees: audit and risk committee and remuneration and nomination committee;
- the implementation of a formal and detailed code for securities transactions designed to ensure fair and transparent trading by Directors, management, employees and others (the Board has implemented a separate securities trading policy); and
- communications with shareholders and the market.

These initiatives, together with other matters provided for in the Board's charter, are designed to "institutionalise" good corporate governance and generally build a culture of best practice in Timah's own internal practices and in its dealings with others.

(d) **Audit and Risk Committee**

The purpose of this committee is to monitor the integrity of Timah's financial statements, and monitor and review the effectiveness of Timah's internal financial control system and internal and external audit functions.

The committee is to include at least 3 members, the majority of which are non-executive directors, including the chair who will not be the chairperson of the Board. At least one member is to have significant, recent and relevant financial management experience.

It is intended that the committee will comprise the following members:

- Mr Soong Swee Koon as Chairman;
- Ms Michelle Siew Yee Lee; and

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- Mr Lee Chong Hoe.

The committee performs a variety of functions relevant to internal and external reporting and reports to the Board following each meeting. Among other matters for which the committee is responsible are the following:

- monitor the integrity of the financial statements of Timah and its subsidiaries, by reviewing significant financial reporting judgements;
- review the effectiveness of Timah's internal financial control system and, unless expressly addressed by the Board itself, risk management systems;
- monitor and review the effectiveness of Timah's internal audit function;
- monitor and review the external audit function including matters concerning appointment and remuneration, independence and non-audit services;
- perform such other functions as assigned by law, Timah's constitution, or the Board;
- approve the corporate governance section of Timah's Annual Report relating to the Committee and its responsibilities;
- review compliance with legal and regulatory requirements;
- to review and oversee management policies and profiles and the risk management and internal control system and to review effectiveness and compliance;
- identifying material business risks and monitoring emerging risks;
- reviewing legal matters, compliance and reporting issues;
- reviewing the compliance function at least annually;
- reviewing findings of any regulatory examinations and liaising with regulators;
- consideration of Timah's official documents including media releases, ASX announcements and analyst information;
- establishing a procedure for the receipt and treatment of complaints received regarding accounting and auditing matters;
- reviewing corporate legal reports of evidence of violations of the Corporations Act, ASX Listing Rules or breaches of fiduciary duties, and
- evaluating its performance at least annually.

The committee meets at least four times per year, with further meetings to be convened as required or as requested by the chair of the committee or the Board.

At the discretion of the chair of the committee, relevant members of management and the

(e) **Remuneration and Nominations Committee**

The purpose of this committee is to assist the Board and make recommendations to it in relation to the appointment and remuneration of new Directors (both executive and non-executive) and senior executives. The Committee is to have a minimum of 3 members. At any time the composition of the Board permits, the Committee will also consist only of non-executive directors, and a majority of independent directors, and will be chaired by an independent chairman appointed by the Board.

Committee members will be appointed for periods of no more than one year, with members being generally eligible for re-appointment so long as they remain directors of the Board.

It is intended that the committee will comprise the following members:

- Mr Lee Chong Hoe as Chairman;

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- Ms Michelle Siew Yee Lee; and
- Mr Jack Tian Hock Tan.

Functions performed by the committee will include the following:

- providing advice in relation to remuneration packages of senior executives, non-executive Directors and executive Directors, equity-based incentive plans and other employee benefit programmes;
- reviewing Timah's recruitment, retention and termination policies;
- reviewing Timah's superannuation arrangements;
- reviewing succession plans of senior executives and executive Directors;
- recommending individuals for nomination as members of the Board and its committees;
- ensuring the performance of senior executives and members of the Board are reviewed at least annually;
- considering those aspects of Timah's remuneration policies and packages, including equity based incentives, which should be subject to shareholder approval;
- monitoring the size and composition of the Board;
- reviewing Timah's diversity policy and its effectiveness;
- development of suitable criteria for the selection and appointment of Board candidates;
- identification and consideration of possible candidates, and recommendation to the Board accordingly;
- establishment of procedures, and recommendations for succession plans for the Board, and
- ensuring the performance of each Director and of senior management, is reviewed and assessed each year in accordance with procedures adopted by the Board.

The Remuneration and Nomination Committee will meet as often as necessary, but must meet at least twice a year and one of those meetings must take place at least 2 months prior to each annual general meeting. The Chairman may invite other persons to attend meetings if appropriate.

(f) **Best practice commitment**

Timah is committed to achieving and maintaining the highest standards of conduct and has undertaken various initiatives, as outlined in this Section that are designed to achieve this objective. Timah's corporate governance objective is intended to "institutionalise" good corporate governance and, generally, to build a culture of best practice both in Timah's own internal practices and in its dealings with others.

The following are a tangible demonstration of the corporate governance commitment by Timah.

(i) **Independent Professional Advice**

With the prior approval of the Chairman, which may not be unreasonably withheld, each Director has the right to seek independent professional advice, at the cost of Timah, concerning any aspect of Timah's operations or undertakings in order to fulfil their duties and responsibilities as Directors and to ensure independent decision making.

(ii) **Codes of Conduct**

Timah has developed and adopted detailed codes of conduct to guide Directors, senior executives and employees in the performance of their duties.

(iii) **Securities Trading Policy**

Timah has developed and adopted a formal code to regulate dealings in securities by Directors, officers, consultants and members of senior management and other employees. This is designed to ensure fair and transparent trading in accordance with both the law and best practice. See **section 7.6** for more details.

(g) **Compliance with ASX Corporate Governance Guidelines and Recommendations**

The Directors of Timah are responsible for the overall corporate governance practices of Timah and are committed to the implementation of the highest standards of ethical behaviour and accountability in its decision making and Timah's operations. In determining these standards, the Board refers to and applies, to the greatest extent possible, the ASX Corporate Governance Council's (**Council**) Corporate Governance Principles and Recommendations 3rd Edition (**Principles**).

In developing the Principles, the ASX understands that all companies and industries are different and require corporate governance frameworks that are appropriate for their business model. As such, the Principles are prescriptive and based on a "if not, why not" regime whereby companies may elect to deviate from the Council's recommendations provided they provide the reasoning behind the non-compliance.

Timah's corporate governance practices are largely consistent with the Principles, as detailed in Timah's corporate governance policies located on Timah's website at www.timahresources.com.au/Corporate_Governance.htm:

- Board Charter
- Audit and Risk Committee Charter
- Remuneration and Nomination Committee Charter - Code of Conduct – all employees
- Disclosure Committee Charter
- Code of Conduct – Directors and senior executives - Securities Trading Policy
- Shareholder Communication Policy
- Continuous Disclosure Policy
- Diversity Policy
- Risk Management Policy
- Securities Trading Policy

However, where Timah has not applied a principle or recommendation, the explanation for non-compliance is detailed below.

(i) **Principle 1 – Lay solid foundations for management and oversight**

The Board is responsible for overall oversight of the management of Timah. In doing so, they are responsible for guiding and monitoring the activities of Timah on behalf of Shareholders, determining the strategic direction and objectives of Timah and overseeing management's achievements against these.

The Board operates in accordance with the Board Charter which formalises the Board's roles and responsibilities.

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This is supported by two written Codes of Conduct for employees generally and Directors specifically. These Codes ensure that Directors, executives and employees act honestly, responsibly, legally and ethically and in the best interests of Timah.

The Board delegates specific responsibilities to various Board sub-committees. The Board has established:

- an Audit and Risk Committee, which is responsible for overseeing the external and internal auditing functions of Timah's activities and advising and assisting the Board in assessing risk factors associated with the operation of Timah; and
- a combined Remuneration and Nominations Committee, which is responsible for making recommendations to the Board on remuneration packages and nominations.

Through regular and frequent communication between the Board and management and by monitoring management's activities, reports and performance, the Board will ensure that management is aware of and responsive to the risks, opportunities and priorities recognised by the Board. As part of the overall structure, Timah has implemented a formal process to evaluate performance of Directors, the Board and senior executives.

(ii) **Principle 2 – Structure the Board to add value**

The Board comprises of individuals with a range of knowledge, skills and experience that are appropriate to Timah's activities and objectives. The Board believes Timah as a whole benefits from the experience of its Directors who bring quality and independent judgement to all relevant issues falling within the scope of the role.

The Board considers that, fundamentally, the independence of Directors is based on their capacity to put the best interests of Timah and its Shareholders ahead of all other interests, so that the Directors are capable of exercising objective independent judgment. Given the size of Timah, the Board believes that it has an appropriate size and mix of skills to provide independent and transparent decisions for the benefit of Timah despite not having the recommended majority independent Directors as outlined in the Principles.

Instead, the Board has implemented several policies and practices to enable it to make transparent and independent decisions. For example, Directors are not allowed to be present during discussions or decision making on matters in which they have or could be seen to potentially have a material conflict of interest. In addition, Directors are excluded from taking part in the appointment of third party service providers where the Director has an interest, which provides further separation and safeguards to independence.

While the Board recognises the principle that the Chairman should be an independent Director, the Board believes that Dato' Seri Mah King Thian is the most appropriate person to lead the Board as Chairman following listing given his long standing experience and business relationships. The Board is confident that he is able to bring quality and independent judgement to relevant issues falling within the scope of the role of Chairman.

Timah has, as disclosed above, developed a formal process for evaluating the effectiveness, process and structure of the Board, its committees and individual Directors. The Board is committed to regular assessment of its effectiveness and believes that the contribution of individual Directors is essential to improve the governance and guidance of Timah.

The review of the Board and its Directors is focused on matters such as the structure, effectiveness and contributions made by each Director and the progress towards the strategic objectives of Timah. The Chairman is responsible for conducting the annual review of the Board's performance which involves open and constructive dialogue between respective parties.

(iii) **Principle 3 – Act ethically and responsibly**

The Board acknowledges the need for the highest standards of corporate governance practice and ethical conduct by all directors, employees, consultants and contractors of Timah.

The Board has adopted two Codes of Conduct for employees generally, and Directors and senior executives generally, which establishes a clear set of values that emphasise a culture encompassing strong corporate governance, sound business practices and good ethical conduct.

Recognising the increased role played by women and minorities in the workforce, Timah has also adopted a Diversity Policy which is managed by the Remuneration and Nomination Committee. Key to this policy is the establishment of measurable gender diversity objectives, against which the Board will report progress annually.

Recognising that individuals connected with Timah will sometimes be in possession of market-sensitive information, Timah has adopted a Securities Trading Policy. Compliant with ASX Listing Rule 12.9, this policy also restricts any transactions in Timah's Shares by Timah directors, officers, consultants, senior management and other employees and related persons who in the course of their interactions with Timah, are in possession of such market-sensitive information.

(iv) **Principle 4 – Safeguard integrity in corporate reporting**

Timah has established an Audit and Risk Committee to ensure Timah's corporate reporting is adequately reviewed and that the external auditors are independent.

The Committee's structure, roles and responsibilities are detailed in the Audit and Risk Committee Charter.

Soong Swee Koon is the independent Chairman of the Audit and Risk Committee being an independent Non-Executive Director applying the criteria published by the ASX Corporate Governance Council. The Board considers that Soong Swee Koon holds the necessary experience and expertise to Chairman the committee. The remaining members of the committee are Lee Chong Hoe and Mr Lee Chong Hoe, whose experience and expertise are detailed earlier in this section of the Prospectus. The charter of the committee will be reviewed from time to time taking into account the availability of independent directors.

The Board believes that the committee is constituted by members of the Board who possess the necessary experience and skills to competently fulfil the role of the audit and risk committee.

The Audit and Risk Committee members' attendance at meetings as compared to total meetings held will be detailed in the Directors' Report contained in Timah's Annual Report.

The external auditors will attend the committee meetings at least twice a year and on other occasions where circumstances warrant as well as being available at Timah's AGM to be available to answer shareholder's questions about the conduct of the audit and the preparation and content of the audit report.

The Audit and Risk Committee will keep minutes of its meetings and include them for review at the following Board Meeting.

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(v) **Principle 5 – Make timely and balanced disclosure**

Timah is committed to promoting investor confidence and ensuring that Shareholders and the market are provided with timely and balanced disclosure of all material matters concerning Timah, as well as ensuring that all Shareholders have equal and timely access to externally available information issued by Timah.

Timah has adopted a Continuous Disclosure Policy to outline responsibilities in relation to disclosing information to the market and shareholders, and to ensure compliance with the continuous disclosure regime under ASX Listing Rules and the *Corporations Act 2001*. A copy of this policy is available on Timah's website for download.

(vi) **Principle 6 – Respect the rights of shareholders**

Timah has adopted a Shareholder Communication Strategy to ensure that Shareholders have access to balanced and understandable information about Timah and its activities.

Timah will use its website, www.timahresources.com.au, as its primary communication tool for distribution of the annual report, market announcements and media disclosures. External communication which may have a material effect on the price or value of Timah's securities will not be released unless it has been announced previously to ASX.

Effective participation by Shareholders will be encouraged at general meetings and procedures will be designed to facilitate this.

(vii) **Principle 7 – Recognise and manage risk**

Timah has established an Audit and Risk Committee that is focussed on ensuring that Timah maintains an effective system of internal control and risk management.

The Committee's structure, roles and responsibilities are detailed in the Audit and Risk Committee Charter.

The Board has formed an Audit and Risk Committee which has the responsibility for identifying assessing, treating, monitoring and reporting in respect of identified risks and the management of these to the Board. The Committee shall comprise at least 3 members in total, one of which is the Chairman who also chairs the Committee.

The members of the Audit and Risk Committee are appointed by the Board and Timah personnel are required to attend Audit and Risk Committee meetings as and when requested.

Specific functions of the Audit and Risk Committee are to review and report to the Board that:

- Timah's ongoing risk management programme effectively identifies all areas of potential risk;
- adequate policies and procedures have been designed and implemented to manage identified risks;
- a regular programme of audits is undertaken to test the adequacy of, and compliance with, prescribed policies, and
- proper remedial action is undertaken to redress areas of weakness.

The Audit and Risk Committee meets whenever necessary but no less than four times a year and keeps minutes of its meetings which are included for review at the following Board Meeting.

(viii) **Principle 8 – Remunerate fairly and responsibly**

Remuneration of Directors and members of senior management will be fully disclosed in the annual report and any changes announced in accordance with continuous disclosure principles.

The Remuneration and Nomination Committee has been established with its own charter. Lee Chong Hoe is the independent Chairman of the Remuneration and Nomination Committee being an independent Non-Executive Director applying the criteria published by the ASX Corporate Governance Council. The Board considers that Lee Chong Hoe holds the necessary experience and expertise to chair the Committee. The remaining members of the committee are Jack Tian Hock Tan and Michelle Siew Yee Lee, whose experience and expertise are detailed earlier in this section of the Prospectus.

The charter of the Committee will be reviewed from time to time.

The Committee is tasked with ensuring that Timah has remuneration policies and practices which enable it to attract and retain Directors and executives who will best contribute towards achieving positive outcomes for Shareholders.

Timah complies with the guidelines for executive remuneration packages and non-executive Director remuneration as recommended in the Principles. More detailed information will be presented in the annual report.

7.6 Securities Trading Policy

The Board has adopted a formal Securities Trading Policy that complies with ASX Listing Rule 12.12.

Under the Securities Trading Policy, Directors and certain key management personnel are prevented from trading in Timah's shares during the period from the end of a statutory reporting period until two days after the announcement of quarterly, half year and full year reports. This is a restriction over and above the requirement to not trade in Timah's securities when in possession of inside information which applies to all Directors, executives and employees of Timah.

The Board may, in exceptional circumstances only, approve any member of key management personnel (or his or her associated parties) trading in Timah's securities during a restricted period. An exemption will not however be granted by the Board if it considers there is information that is not generally available, but if it were, would be likely to "materially affect" the price of Timah's securities.

In accordance with the provisions of the Corporations Act and ASX Listing Rules, Timah, on behalf of the Directors, must advise ASX of any transactions conducted by Director's in Timah's securities.

7.7 Corporate governance compliance reporting

Timah will report on its compliance with its corporate governance policies, and the extent to which it has followed the recommendations set by the ASX Corporate Governance Council, at its next Annual General Meeting following ASX listing.

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8. RISK FACTORS

8.1 Overview

An investment in Timah is not risk free and investors should consider the risk factors described below, together with information contained elsewhere in this Prospectus, before deciding whether to apply for New Shares. Potential investors should consider that the investment in Timah is speculative and should consult their professional advisers before deciding whether to apply for New Shares.

On the date of ASX admission, Timah's principal activity will be renewable energy generation in Malaysia. Companies in this industry are subject to many and varied kinds of risks. While risk management cannot eliminate the impact of all potential risks, Timah strives to manage such risks to the extent possible and practical. Following are the risk factors which Timah believes are most important in the context of Timah's business.

The following list is not intended to be an exhaustive list of the risk factors relating to an investment in Timah and other risk factors may apply.

8.2 Timah and Mistral specific risks

Land risk

The Plant is situated on the Lease, which is a 99 year lease held by Mistral. The terms of the Lease provide that the land is only to be used for the purpose of the cultivation of oil palm. The installation and operation of the Plant is technically a breach of the conditions and the Lease. Therefore, there is a risk that the Government may re-enter and resume possession of this land for a breach of the conditions of the Lease under regulation 34 of the Sabah Land Ordinance. Any subsequent approval for the installation and operation of the Plant on this land will not necessarily operate retrospectively, and there is a risk that the Government may exercise its rights in relation to the past breach of the conditions. However, Timah is of the view that it is unlikely that the Government of Sabah will enforce its rights under the lease agreement in view of the potential ramifications to the oil palm industry in Malaysia and the counterproductive impact this would have on the Malaysia Government's program of promoting the establishment of biogas facilities at palm oil mills across Malaysia under Entry Point Project No 5.

Renewable energy industry risk

The Malaysian renewable energy market is currently in its infancy stage of development. Due to the current low cost of producing electricity via traditional fossil fuel energy generation, the commercialisation of renewable energy projects relies heavily on, and is dependent upon, the project proponent obtaining Malaysian Government subsidies and grants sufficient to achieve a competitive cost per watt of renewable energy produced. As If Malaysian Government subsidies and grants are not successfully obtained, a proponent may be unable to economically expand its power generation activities and this may have an adverse impact on the proponent's results of operations and financial condition. Mistral is dependent on industry support for the successful commercialisation and expansion of the Plant. However, Mistral has obtained Malaysian Government subsidies in the form of the FiT as well as a Feed-in Approval and a quota to supply electricity into the Malaysian national power grid. Mistral's success will depend on its ability to successfully commission the Plant after the Plant Upgrade and supply electricity into the Grid under the Grid REPPA. In the future, there is no guarantee that comparable incentives to those described in this prospectus will be available if Timah decides to make additional investments in renewable energy generation in Malaysia (as, for example, annual degression applies to the Feed-in Tariff rate).

Biogas technology risk

The anaerobic digestion of POME to produce methane for energy generation is generally regarded as a complex process. The seasonal nature of palm oil milling operations results in the characteristics of POME varying throughout the year. Currently, the anaerobic digesters in biogas power plants have a low tolerance to shock loading, which means that high loading rates (which typically would occur during the high crop season) may cause system failure and cease methane production. This instability may decrease the efficiency of

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the system and affect the ability to provide a sustainable supply of renewable energy. Therefore, experienced and skilled manpower is required to control the loading of the biogas power plant in order to ensure that it operates efficiently, which increases operational costs.

However, research into new technologies to improve efficiency and provide solutions to the shock loading issues is currently being undertaken (for example, two-phase anaerobic digestion, which may result in greater stability and a higher methane production rate than one-phase anaerobic digestion). In addition, Mistral employs a team of dedicated, experienced and skilled personnel to operate the system. Foreign expertise to assist with handling, maintaining and upgrading the Plant is also provided to Mistral by Veolia, an international waste management expert.

Dependence on raw material supply

Mistral is currently wholly dependent on the supply of POME from PYSB under the PYSB POME Supply Agreement and from Cash Horse under the Cash Horse POME Supply Agreement in order to have feedstock to produce electricity. Although the Plant is capable of using other waste products to produce electricity, there is no assurance that Mistral would be able to obtain an alternative waste product as feedstock or manage the different properties of the alternative feedstock to ensure there is no reduction in the efficiency of the Plant.

The supply of POME is subject to seasonal fluctuations, as there are high and low oil palm crop seasons which affect the quantity of palm oil and POME produced. During the high season, the Plant is at risk of shock loading due to high loading rates. During the low season, there may be a reduction in energy produced due to there being insufficient feedstock.

In addition, the supply of POME is subject to fluctuations in the Crude Palm Oil price. If the Crude Palm Oil price falls, the PYSB Mill and the EFB Mill will each produce less palm oil to cut losses which will result in less POME being produced.

There is also a risk that either of the PYSB Mill or the EFB Mill may breakdown or require repairs which will disrupt the supply of POME.

A reduction in the amount of POME supplied by PYSB and Cash Horse to Mistral will directly reduce the amount of electricity that can be generated and sold by Mistral and will, therefore, decrease Mistral's revenue.

Contractor and Plant Upgrade risk

The success of the Plant Upgrade under the Plant Upgrade Contract will be reliant upon Veolia's ability to conduct the Plant Upgrade Services and the maintenance of an effective relationship between Mistral and Veolia.

In addition, there is a risk that variations to the design or construction will be required which will result in Mistral being charged additional amounts over and above the agreed price under the Plant Upgrade Contract of RM6,350,000. This risk cannot presently be quantified as the Plant Upgrade Contract does not include a specific mechanism for valuing variations or any specific limit on liability.

Acceptance and Reliability Test risk

There is no guarantee that the Plant will meet the acceptance and reliability tests which must be satisfied prior to selling energy to the Distribution Licensee under the Grid REPPA.

If the Plant does not meet these tests, the Directors will seek further work on the Plant to fix the issues and attempt the tests again. However, if these tests are not met and Mistral does not commence generating renewable energy for commercial sale under the Grid REPPA before 1 January 2017, the FiT Rate that applies to Mistral may be reduced as a result of annual degression. In the meantime, Mistral will continue to sell electricity to PYSB under the PYSB REPPA.

Single customer exposure

Currently, Mistral's sole customer is PYSB, a related party of Mistral. The price payable under the PYSB REPPA can only be increased by agreement between Mistral and PYSB and is not tied to a price adjustment mechanism which refers to an independent benchmark.

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If the FiT Rate or market price for renewable energy increases, there is no guarantee that Mistral will be able to negotiate a commensurate increase in the price payable for the supply of electricity under the PYSB REPPA.

Further, if PYSB fails to pay for the electricity supplied under the PYSB REPPA, or the PYSB REPPA is terminated, Mistral will have no alternative source of revenue until it finds another purchaser for the electricity generated or sells electricity into the Grid under a Grid REPPA.

Profit risk

Mistral has not generated a profit since commencing commercial operations in August 2013, as all funds received under the PYSB REPPA have been used to repay loans. Mistral's ability to generate sufficient revenue to exceed its liabilities and other expenses will depend on the Plant's ability to generate electricity consistently and Mistral's ability to sell that electricity at an appropriate price, which may be affected by the risks outlined above (amongst other things). In light of this, there can be no guarantee that Mistral will become profitable in the future. In addition, if Mistral remains Timah's sole investment, then Timah's ability to become profitable will be wholly dependent on whether Mistral is able to generate a profit.

GTF Scheme Loan risk

The GTF Scheme Loan contains terms that may be particularly onerous on Mistral (see section 12.6 for a summary of the key terms). In particular, AmBank reserves the right to terminate the GTF Scheme Loan at any time upon giving Mistral 14 days return notice to that effect. If the GTF Scheme Loan is so terminated, Mistral must repay all outstanding sums on or before expiry of the aforesaid notice without set off or counterclaim. In addition, AmBank may unilaterally vary the terms of the facility granted under the GTF Scheme Loan, including the amount of the loan. This means that Mistral must have the ability to repay the RM15,000,000 loaned (plus interest) on 14 days notice, which Mistral may or may not be able to do depending on the circumstances at the time at which AmBank makes the demand for repayment. In addition, there is a risk that AmBank may impose onerous terms on the GTF Scheme Loan which Mistral may not be able to comply with at that time.

Although such terms are unusual in the Australian market, the Incoming Directors believe that these terms are standard practice in Malaysia for bank loans.

Intellectual property risk

Mistral has not been assigned, and has not entered into an express licence to use, the intellectual property in the technology contained in the Plant. There is a risk that, if this technology is proprietary to a third party, Mistral may be liable for a breach of the relevant intellectual property laws in Malaysia as a result of its unauthorised use of such technology. In particular, the Plant Upgrade by Veolia under the Plant Upgrade Contract will incorporate patented technology owned by AnoxKaldnes, a Veolia company. No express licence or sub-licence to use this technology has been granted to Mistral by AnoxKaldnes or Veolia, however an implied licence to use this technology may be deemed granted under Malaysian law based on the contractual terms of the Plant Upgrade Licence and the conduct of the parties. Mistral has not conducted any patent searches to determine whether any other patents cover the technology used in the Plant.

Environmental Risks and Regulations

The operations and proposed activities of Mistral in Malaysia are subject to Malaysia's environmental laws and regulations. Mistral attempts to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws. However, an unintentional discharge of insufficiently treated POME from the Plant or any other failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions, including a maximum fine of around RM100,000 plus an additional fine (around RM1,000) for every day the offence continues, or imprisonment, or both.

Amendments to current environmental laws, regulations and permits governing operations and activities of companies operating palm oil mills and/or POME biogas plants could have

a material adverse impact on Mistral and cause increases in expenses and reduction in availability of POME as feedstock.

Liquidity and future capital requirements

Mistral is exposed to liquidity risk due to mismatches of maturity dates for Mistral's financial assets and liabilities, and in particular the ability of AmBank to demand repayment of the GTF Scheme Loan on 14 days' notice. Mistral relies on internal loan funding from CGB to maintain a balance between continuity of funding and flexibility.

Mistral's activities will require ongoing operational expenditure in addition to capital expenditure to maintain the Plant and undertake the Plant Upgrade.

There can be no guarantees that the funds raised through the Offers and revenue received under the PYSB REPPA or the Grid REPPA (and any other electricity sale agreements which Mistral may enter into in the future) will be sufficient to successfully achieve all the objectives of Mistral and Timah's overall business strategy. While Mistral has access to substantial funds under the GTF Scheme Loan and the CGB Loan, the GTF Scheme Loan can be terminated on 14 days' notice and there is no guarantee that the CGB Loan will be extended beyond the date due for repayment of 31 December 2020.

If Timah is unable to use debt or equity to fund Mistral's operations or expansion after the substantial exhaustion of the net proceeds of the Offers, there can be no assurances that Mistral or Timah will have sufficient capital resources for that purpose, or other purposes, or that it will be able to obtain additional resources on terms acceptable to Timah or at all.

In particular, as biogas energy generation is still a relatively new technology, third party financiers may be unwilling to provide debt financing (although the Incoming Directors believe that the GTF Scheme discussed in **section 2.6** may assist Mistral to obtain debt financing if required, noting however that Mistral already has a GTF Scheme Loan in place and application period for the GTF Scheme is currently scheduled to end on 31 December 2015). Any additional equity financing may be dilutive to Shareholders and any debt financing if available may involve restrictive covenants, which may limit Mistral or Timah's operations and business strategy.

Timah's failure to raise capital if and when needed could delay or suspend Timah's business strategy and could have a material adverse effect on Timah's activities.

Interest rate risk

Timah and Mistral rely to an extent on debt funding and as such may be exposed to fluctuations in interest rates. The GTF Scheme Loan is currently on a fixed interest rate, so Timah and Mistral will not benefit from any reduction in interest rates under that loan (however, AmBank also has the ability to unilaterally vary the terms of the GTF Scheme Loan and may use this power to vary the interest rate payable under the GTF Scheme Loan). In addition, the interest rate under the CGB Loan is set by reference to the rate of interest incurred by CGB in obtaining funds, so may be subject to fluctuation based on the terms of the agreements which CGB has in place for obtaining those funds.

Reliance on Key Personnel

Timah's success depends largely on the core competencies of its directors and management, and their familiarisation with, and ability to operate, in the renewable energy and biogas power generation industry as well as Timah's ability to retain its key executives.

Mistral is reliant on key personnel employed or engaged by Mistral to operate the Plant. In particular, the efficiency of the Plant depends on its operation by experienced and skilled personnel who understand the steps required to avoid shock loading. Loss of such personnel may have a material adverse impact on the performance of Mistral.

In addition, the recruiting of qualified personnel is critical to Timah's and Mistral's success. As Timah's and Mistral's business grows, it will require additional key financial, administrative, marketing and public relations personnel as well as additional staff for operations. While the Incoming Directors believe that Timah and Mistral will be successful in attracting and retaining qualified personnel, there can be no assurance of such success.

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Competition

Mistral competes with other companies, namely those companies operating biogas power plants next to palm oil mills in Sabah, Malaysia. Some of these companies have greater financial and other resources than Mistral and Timah and, as a result, may be in a better position to compete for future business opportunities. There can be no assurance that Mistral and Timah can compete effectively with these companies.

In addition, the Malaysian Government has implemented the Entry Point Project No 5 (EPP 5) under the National Key Economic Areas, which aims to achieve the installation of biogas facilities in all palm oil mills in Malaysia by 2020. If this is achieved, there will be an increase in competition within the biogas electricity generation industry in Malaysia.

However, there is currently no obligation to install biogas facilities at palm oil mills, and adoption of biogas facilities has been slow, with research showing that approximately 70% of the palm oil mills in Malaysia are still using the conventional ponding system which releases methane into the atmosphere. This may be because of the relatively high investment cost to build a biogas power plant and power generation system, difficulties obtaining financing for what is considered a new technology, a lack of successful models in POME biogas plants and the fact that a profit return is generally not received until approximately 5 years after commercial operation (based on the FiT Rate).

Insurance and Uninsured Risks

Fire is the primary risk for renewable energy power plants. Mistral is insured against fire under a policy for coverage up to RM18,600,000. Mistral is also covered for public liability and SOCSO for worker's compensation. However, there is always a risk that any damage suffered may fall outside the scope of those insurance policies, meaning that Mistral must bear all costs of the damage.

The key uninsurable risk is environmental damage, such as the escape of POME from the Plant or its storage tanks. There is therefore a risk that Mistral could be liable for substantial damages in the event of an escape of POME that causes material environmental damage.

Concentration of ownership and control

On the ASX listing of Timah, Cash Nexus and its Associates (including CGB) will have up to 61.91% voting power in Timah. As a result, Cash Nexus and its Associates are in a position to significantly influence the outcome of matters requiring Shareholder approval by passing ordinary resolutions (ie requiring more than 50% of the votes cast), including the election of directors and the approval of significant corporate transactions, subject to certain restrictions under the Corporations Act, Timah's constitution and the ASX Listing Rules which may prevent them from voting in some, but not all, situations. Cash Nexus and its Associates will also have a significant influence on any potential change of control in Timah while that level of shareholding is maintained (and this may act as a disincentive for future takeover offers of Shares, as it is likely any third party seeking control would require approval from Cash Nexus and its Associates). In these circumstances, it is unlikely that a takeover premium could be realised except through a transaction supported by Cash Nexus and its Associates.

Government Regulation

The renewable energy generation activities of Mistral and Timah are subject to various laws governing renewable energy, electricity supply, environment and other matters. Although the activities of Mistral are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail production or development. Amendments to current laws and regulations governing operations and activities of renewable energy generation or more stringent implementation thereof could have a substantial adverse impact on Timah.

Fluctuations in Electricity Prices

Currently, Mistral sells all the electricity produced by the Plant to PYSB for a fixed price set at RM0.4 per KWh. Under a Grid REPPA, if the relevant tests are met before 1 January 2017, Mistral will sell most (if not all) of its electricity produced to the Distribution Licensee at a fixed rate of RM0.4169 per kWh for a term of approximately 16 years.

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However, if Mistral expands its operations and enters into power purchase agreements which do not have a set price for the electricity sold, or if the FiT Rate reaches grid parity and the Feed-in Tariff no longer applies, then Mistral may be exposed the fluctuations in the price of electricity, which can be affected by numerous factors beyond the control of Mistral such as industrial and retail supply and demand, exchange rates, inflation rates, changes in global economies, confidence in the global monetary system, forward sales of metals by producers and speculators as well as other global or regional political, social or economic events.

Foreign Operations Risks

The operations of Timah are currently primarily conducted in Malaysia (through Mistral) and, as such, the operations of Timah are exposed to various levels of political, economic and other risks and uncertainties. These risks and uncertainties include, but are not limited to, terrorism; hostage taking; military repression; extreme fluctuations in currency exchange rates; high rates of inflation; labour unrest; the risks of war or civil unrest; expropriation and nationalisation, renegotiation or nullification or existing concessions, licences, permits and contracts; illegal mining; changes in taxation policies; restrictions on foreign exchange and repatriation; and changing political conditions, currency controls and governmental regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction.

Changes, if any, in renewable energy or investment policies or shifts in political attitude in Malaysia may adversely affect the operations or profitability of Mistral and Timah. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, currency remittance, income taxes, expropriation of property, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local people, water use and mine safety.

Failure to comply strictly with applicable laws, regulations and local practices relating to energy generation, could result in loss, reduction or expropriation of entitlements, or the imposition of additional local foreign parties as joint venture partners with carries or other interests.

The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on the operations or profitability of Timah.

Currency

Timah's expected future revenue and expenditure will be in Malaysian Ringgit while its reporting currency is Australian dollars. As a result of the use of these different currencies, Timah is subject to foreign currency fluctuations. Foreign currencies are affected by a number of factors that are beyond the control of Timah. These factors include economic conditions in the relevant country and elsewhere and the outlook for interest rates, inflation and other economic factors. Foreign currency fluctuations may materially affect Timah's financial position and operating results.

Timah has not hedged against fluctuations in exchange rates as yet and the Incoming Directors have no present intention to do so.

Low liquidity and release from escrow risk

Some Shareholders will be subject to ASX imposed escrow requirements which are designed to protect the integrity of the market, which generally means that they will be unable to dispose of their Shares for a period of 12 or 24 months from the date of quotation of Timah's Shares on ASX. At the end of these escrow periods, a significant sale of the Shares released from escrow, or the perception that such sales have occurred or might occur, may impact the Share price of Timah.

The number of restricted securities during the restriction periods may cause or contribute to a limited liquidity in the market for Shares, which could affect the market price at which other Shareholders are able to sell their Shares. Illiquid securities tend to be of lesser value than equivalent securities which are more liquid in character.

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Timah's ability to continue as a going concern

For the FYE 30 June 2014, Timah recorded loss after taxation of AUD0.53 million and net liabilities of AUD0.14 million. In addition, Timah has no current revenue stream. Premised on these factors, Timah's independent auditor has issued a going-concern emphasis of the matter in the latest audited financial statements of Timah for the FYE 30 June 2014.

However, following the acquisition of Mistral, this risk will be mitigated when the new business activities and assets of Mistral are injected in Timah. Timah will then become an investment holding company with Mistral involved in the business of power generation.

Potential Acquisitions

As part of its business strategy, Timah may make acquisitions of or significant investments in companies, products, technologies or projects. Any such future transactions would be accompanied by the risks commonly encountered in making acquisitions of companies, products, technologies or projects.

Repatriation of Earnings

There is no assurance that Malaysia or any other foreign country in which Timah may operate in the future will not impose restrictions on the repatriation of earnings to foreign entities.

Conflicts of Interest

Certain directors of Timah are, and may continue to be, involved in the palm oil and renewable energy industry through their direct and indirect participation in corporations, partnership or joint ventures which are potential competitors of Timah. Situations may arise in connection with potential acquisitions in investments where the other interest of these directors may conflict with the interests of Timah. Directors of Timah with conflicts of interest will be subject to and will follow the procedures set out in applicable corporate and securities legislation, regulations, rules and policies.

8.3 General investment risks

Economic risk

General economic conditions in Australia, Malaysia and internationally, movements in interest, inflation and currency exchange rates, variations in commodity prices, the global security situation and the possibility of terrorist disturbances, changes to government regulation, policy or legislation, changes which may occur to the taxation of companies as a result of changes in Australian and foreign taxation laws and changes to dividend imputation in Australia may have an adverse effect on Timah's and Mistral's future activities, as well as on its ability to fund those activities.

Market conditions

The market price of Shares can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities and in particular, resources stocks. Neither Timah nor the Directors warrant the future performance of Timah or any return on an investment in Timah.

Security investments

Applicants should be aware that there are risks associated with any securities investment. Securities listed on the stock market, and in particular securities of renewable energy generation companies have experienced extreme price and volume fluctuations that have often been unrelated to the operating performances of such companies. These factors may materially affect the market price of the New Shares regardless of Timah's performance.

Stock Exchange Prices

The market price of a publicly traded stock is affected by many variables not all of which are directly related to the success of Timah. In recent years, the securities markets have experienced a high level of price and volume volatility, and the market price of securities of many companies, particularly those considered to be development stage companies, has experienced wide fluctuations which have not necessarily been related to the operating

performance or underlying asset values of such companies. There can be no assurance that such fluctuations will not affect the price of Timah's securities.

Liquidity risk generally

There may be relatively few buyers or sellers of Timah's securities on ASX at any given time. This may affect the volatility of the market price of Timah's securities and the prevailing market price at which Shareholders are able to sell their Shares. This may result in Shareholders receiving a market price for their Shares that is less or more than the price paid under the Offers.

8.4 Other risks

Other risk factors include completion risks, as the completion of the Proposed Transactions is conditional upon, amongst others, the satisfaction or waiver of all the conditions present as set out in the SSA (summarised under **section 4.10(c)**). There are also risks normally found in conducting business, including litigation through breach of agreements or in relation to employees (through personal injuries, industrial matters or otherwise) or any other cause, strikes, lockouts, loss of service of key management or operational personnel and other matters that may interfere with Timah's business or trade.

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9. ABOUT THE OFFERS AND HOW TO APPLY FOR THE PUBLIC OFFER

9.1 Important Dates [1, 2, 3, 4]

Public Offer opens	Tuesday, 7 July 2015
Public Offer closes and Applications due	5pm on Friday, 31 July 2015
Completion of Proposed Transaction[5]	Friday, 14 August 2015
Consolidation[5]	Friday, 14 August 2015
Issue of New Shares under Public Offer[5]	Friday, 14 August 2015
Issue of New Shares under Placement[5]	Friday, 14 August 2015
Holding Statements expected to be dispatched[6]	Monday, 17 August 2015
Trading on normal settlement basis commences on ASX[6]	Thursday, 20 August 2015

1. This timetable is indicative only.
2. Timah reserves the right to vary the times and dates of the Public Offer without prior notice, including to close the Public Offer early or extend the Public Offer to accept late Applications.
3. Investors are therefore encouraged to submit their Application Forms as early as possible after the Opening Date.
4. All times are Sydney, Australia time.
5. Subject to ASX granting conditional approval for the admission of Timah to the official list of ASX. These dates are likely to change depending on the date on which such approval is actually received.
6. Subject to ASX approval for the admission of Timah to the official list of ASX becoming unconditional. These dates are likely to change depending on the date on which such approval is actually received.

9.2 The Public Offer

The Public Offer of up to 5,000,000 New Shares at $0.20 per New Share is open to all residents of Australia and New Zealand. The Public Offer is not underwritten.

The Public Offer will open on Tuesday, 7 July 2015 and close at 5.00pm (Sydney time) on Friday, 31 July 2015. Timah may vary the times and dates of the Public Offer without prior notice.

Applicants under the Public Offer should complete and lodge the Application Form in accordance with **section 9.8** and the instructions on the back of the Application Form. The Application Form, together with the cheque(s) for the Shares applied for, should be completed and returned to the Share Registry before the Closing Date.

9.3 Placement

The offer of 10,000,000 Shares under the Placement is being made to Cash Nexus only. Timah and Cash Nexus will enter into a subscription agreement for those Shares, under which (subject to ASX Approval being received as described in **section 9.4**) Cash Nexus will pay to Timah $2,000,000 and Timah will issue 10,000,000 Shares to Cash Nexus.

This Prospectus is not required to be registered under Malaysian law. Section 230 and Schedule 7 of Malaysia's *Capital Markets and Services Act 2007* (**CMSA**) exempt the registration requirements for a prospectus if the issue is an excluded issue under Schedule 7. Two items in Schedule 7 contain relevant exclusion for the purposes of this Prospectus:

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- Schedule 7 No. 32 excludes an issue in respect of securities of a foreign corporation whose securities or any class of securities having gained admission on such other exchange outside Malaysia which is recognised under the rules of a stock exchange, made to existing members or debenture holders of such foreign corporation by means of a rights issue; and
- Schedule 7 No 33 excludes an issue of securities of a foreign corporation whose securities or any class of securities having gained admission on such other exchange outside Malaysia which is recognized under the rules of a stock exchange, made to existing members or debenture holders of such foreign corporation by means of a rights issue provided that such issue has been accompanied by a prospectus or disclosure document approved by the foreign supervisory authority of such foreign corporation.

9.4 Offers conditional

The Offers are conditional on the ASX approving the admission to and quotation of Timah's shares on the official list of ASX (**ASX Approval**). All Subscription Amounts received by Timah pending ASX Approval will be held on trust by Timah for the Applicants. If ASX Approval is declined or not received within 3 months from the date of this Prospectus, no New Shares will be issued and Timah will repay all Subscription Amounts received in respect of the Public Offer and the Placement. If ASX Approval is received, New Shares will be issued to the Applicants under each of the Offers 10 Business Days after the date of ASX Approval.

9.5 Spread requirements

A condition of ASX Approval is that, following completion of the Offers, there are on the register of Timah at least 350 shareholders holding parcels of at least $2,000 each of Shares, of whom at least 263 are persons or entities with residential addresses in Australia.

9.6 Purpose of the Offers and Use of Proceeds

The purpose of the Offers is to:

- bring Mistral and its business, including the Plant, to the listed environment;
- effect the completion of the Transactions, including the acquisition of Mistral;
- provide working capital to Timah;
- exploit the considerable growth opportunities available to Timah after ASX listing, including its renewable energy generation activities in Malaysia; and
- pay the costs of the Offers and the other Transactions.

The proceeds from the Offers will be applied as follows:

USE OF PROCEEDS	$	%
Capital expenditure to grow the business, in particular the Plant Upgrade (see **section 3.13**)	$2,450,000	81.67%
General working capital (including operational expenditure for the Plant and corporate expenses)	$500,000	16.67%
Payment of expenses of the Offers and other Transaction, including stamp duty	$50,000	1.67%
Total funds raised	**3,000,000**	**100**

Timah will be required to pay approximately RM72,800 (A$26,000 on a RM 2.80 = AUD 1.00 exchange rate) stamp duty in relation to the Acquisition under Malaysian law. The exact amount of stamp duty payable will be confirmed once the Inland Revenue Board responds to Timah's application for adjudication of the amount payable. The stamp duty is being paid from funds other than those raised under the Offers.

The Incoming Directors are satisfied that, after completion of the Offers, Timah will have sufficient working capital to carry out its objectives as described in this Prospectus.

9.7 Shareholding Structure

The following table shows the anticipated shareholding structure at the close of the Offers:

ANTICIPATED CAPITAL STRUCTURE POST IPO

SHAREHOLDER	SHARES BEFORE THE OFFERS[20]	% BEFORE THE OFFERS	SHARES AFTER COMPLETION OF THE OFFERS	% AFTER COMPLETION OF THE OFFERS[21]
Original Timah Shareholders	35,376,313	38.09	35,376,313	36.14
Cash Nexus Parties	47,500,000	57.31	57,500,000	58.75
Investors	0	0	5,000,000	5.11
Total	**82,876,313**	**100%**	**97,876,313**	**100%**

1. The Cash Nexus Parties may not participate in the Public Offer.
2. The Shareholders named above may hold Shares either directly, or Shareholdings may be of entities related to or controlled by those individuals.
3. 42,750,000 Shares held by Cash Nexus are likely to be subject to a Restriction Agreement which is further described at **section 13.9**. For further details of interests held or controlled by Directors refer to **section 13.7**.

9.8 How to apply for New Shares under the Public Offer

Applications for New Shares must be made by completing and lodging a copy of the Application Form which is attached to or accompanied by this Prospectus. The Application Form attached to or accompanied by this Prospectus contains a declaration that the investor has personally received the complete and unaltered Prospectus before completing the Application Form.

Before making an investment, Applicants should read this Prospectus in its entirety. If you are uncertain as to whether Timah is a suitable investment for you, you should seek professional advice from your stockbroker, lawyer, accountant or other professional adviser.

An Application to invest is an irrevocable offer by the Applicant to Timah to purchase the Shares specified in the Application Form, on the terms and conditions set out in the Application Form.

The Application Form must be completed in accordance with the instructions on the Application Form. Once complete, your Application Form, together with the Subscription Amount must be received by the Share Registry before the close of the Public Offer, at 5.00pm (Sydney time) on Friday, 31 July 2015.

BY MAIL TO:

Timah Resources Limited
c/ Boardroom Pty Limited
GPO Box 3993
SYDNEY NSW 2001

BY HAND TO:

Timah Resources Limited
c/ Boardroom Pty Limited
Level 12, 225 George Street
SYDNEY NSW 2000

[20] On a post-consolidation basis. The consolidation will proceed once conditional admission to ASX has been granted, but prior to the issue of the Offers Shares.
[21] This assumes that the Public Offer is fully subscribed.

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PAYMENT BY CHEQUE, BANK DRAFT OR MONEY ORDER

For payment by cheque, bank draft or money order, you should complete the Application Form attached to or accompanied by this Prospectus in accordance with the instructions on the form and return it accompanied by a cheque, bank draft or money order to the Share Registry before the Closing Date.

Your cheque, bank draft or money order must be:

- payable to "Timah Resources Limited";
- crossed "Not Negotiable";
- for an amount equal to the Offer Price multiplied by the number of New Shares that you are applying for; and
- in Australian currency drawn on an Australian branch of a financial institution.

You should ensure that sufficient funds are held in the relevant account(s) to cover the Subscription Amount as your cheques will be processed on the day of receipt. If the amount of your cheque for Subscription Amount (or the amount for which the cheque clears in time for allocation) is insufficient to pay for the number of New Shares you have applied for in your Application Form in full, you will be taken to have applied for such lower number of New Shares as your cleared Subscription Amount will pay for. Alternatively, your application will not be accepted and you will not receive any New Shares.

Cash payments will not be accepted. Receipts for payment will not be issued.

9.9 Minimum Subscription

Applications for New Shares under the Offers must be for a Subscription for a minimum of 10,000 Shares, or a minimum investment of $2,000, and then increasing in multiples of 2,500 Shares or $500.

9.10 Timah discretion

Timah reserves the right to not proceed with the Public Offer at any time before the allotment of New Shares to successful Applicants under the Public Offer. If the Public Offer does not proceed, Subscription Amounts will be refunded in full (without interest).

9.11 Cooling-off

Applicants should note there will not be a cooling off period in relation to Applications, because an application will be made to the ASX for listing of Timah and quotation of the Shares.

Once an Application has been lodged, it cannot be withdrawn. Should quotation of the Shares be granted by ASX, Shareholders will have the opportunity to sell their Shares at the prevailing market price, which may be different from the Offer Price.

9.12 Allocation policy

An Application Form represents an offer by the Applicant to acquire any or all of the Shares specified in the Application Form, on the terms and conditions described in this Prospectus (including any supplementary or replacement document). The New Shares under the Public Offer will be allocated at the discretion of Timah. Timah may allocate all, or a lesser number, of New Shares for which an Application has been made, accept a late Application or decline an Application. Where Applications are scaled back, there may be a different Application of the scale-back policy to each Applicant. Timah does not intend to scale back any individual applications of $2,000.

All Subscription Amounts from Applicants will be held in trust for those Applicants until the relevant New Shares are issued to them. Where no allocation is made to a particular Applicant or the number of New Shares allocated is less than the number applied for by an Applicant, surplus Subscription Amounts will be returned to that Applicant. No interest will be paid on refunded Subscription Amounts. Any interest earned on Subscription Amounts is the property of Timah. It is the responsibility of Applicants to confirm the number of New Shares allocated to them prior to trading in Shares.

Applicants who sell Shares before they receive notice of the New Shares allocated to them do so at their own risk.

If Timah's application for admission to the official list of the ASX is denied, or for any reason this Public Offer does not proceed, all Subscription Amounts will be refunded in full without interest.

Successful Applicants will be notified in writing of the number of New Shares allocated to them as soon as possible after the Closing Date.

9.13 ASX Listing

An application will be made to the ASX not later than 7 days after the date of this Prospectus for Timah to be admitted to the ASX and for official quotation of its Shares (including the New Shares issued under this Prospectus). Acceptance of the application by the ASX is not a representation by the ASX about the merits of Timah or the Shares.

Official quotation of Shares, if granted, will commence as soon as practicable after the issue of initial shareholding statements are dispatched to successful Applicants. If official quotation of the Shares is not granted within 3 months after the date of this Prospectus, then none of the Shares offered under this Prospectus will be issued and all Subscription Amounts from Applicants will be refunded to them (without interest).

Following the issue of New Shares under the Public Offer (expected to occur on or about Friday, 14 August 2015, or such date that is 10 Business Days after the date that ASX grants Timah conditional approval for admission of its Shares to the official list of ASX) the Share Registry will send successful Applicants a holding statement detailing the number of New Shares issued to them under the Public Offer. It is expected that holding statements will be dispatched on or about Monday, 17 August 2015 (or within 5 Business Days of the issue of the New Shares in accordance with ASX Listing Rule 8.5). It is the responsibility of Applicants to confirm their allocation of New Shares prior to trading in Shares. A Shareholder who sells Shares before they receive their holding statements does so at their own risk.

It is expected that trading of the Shares on the ASX will commence on Thursday, 20 August 2015 (ASX typically grants first quotation of securities 3 Business Days after holding statements have been sent to security holders).

9.14 Registry

The Share Register of Timah will be maintained by Boardroom Pty Limited.

9.15 CHESS

Timah will apply for the New Shares to participate in the security transfer system known as the Clearing House Electronic Sub register System (**CHESS**) in accordance with the Listing Rules and ASX Settlement Rules. On admission to CHESS, Timah will operate an electronic issuer-sponsored sub-register and an electronic CHESS sub-register.

Under CHESS, Applicants who are issued New Shares under the Public Offer will receive shareholding statements in lieu of share certificates. The shareholding statement will provide details of the Shareholder's Holder Identification Number (HIN) (in the case of a holding on the CHESS sub register) or Shareholder Reference Number (SRN) (in the case of a holding on the issuer sponsored sub register).

In future, Shareholders need to quote their HIN or SRN, as applicable, in all dealings with a stockbroker or the Share Registry. Further statements will be provided to Shareholders showing changes in their shareholding during a particular month. Additional statements may be requested at any time, although Timah reserves the right to charge a fee.

9.16 Taxation considerations

The taxation consequences of an investment in Timah will depend upon your particular circumstances. You should make your own enquiries about the taxation consequences of an investment in Timah. If you are in doubt you should consult your accountant, stockbroker, lawyer or other professional adviser.

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For general information in relation to the taxation consequences of the Public Offer please refer to **section 13.14**.

9.17 Foreign selling restrictions

No action has been taken to register or qualify the Shares or the Public Offer in any jurisdiction outside Australia and New Zealand, or otherwise to permit an offering of the Shares outside Australia and New Zealand, and the distribution of this Prospectus outside of Australia and New Zealand may be restricted by law. The Public Offer constituted by an electronic copy of this Prospectus is only available to persons receiving an electronic version of this Prospectus within Australia and New Zealand.

The New Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state or other jurisdiction in the United States and may not be offered or sold in the United States or to, or for the account or benefit of US Persons, except to QIBs in accordance with an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act, and any other applicable securities laws. This Prospectus may not be distributed in the United States or to, or for the account or benefit of, US Persons, or elsewhere outside Australia or New Zealand unless it is attached to, or constitutes part of, the Institutional Offering Memorandum, and may only be distributed to persons to whom the Public Offer may be lawfully made in accordance with the laws of any applicable jurisdiction.

This Prospectus does not constitute an offer or invitation in any jurisdiction where, or to any person to whom, such an offer or invitation would be unlawful.

In submitting an Application Form, each Applicant under the Public Offer warrants and represents to Timah that:

- the Applicant is an Australian or New Zealand citizen or resident in Australia or New Zealand, is located in Australia or New Zealand at the time of the application and is not acting for the account or benefit of any person in the United States or any other foreign person;
- if the Public Offer was constituted by an electronic copy of this Prospectus the Applicant received the electronic version of the Prospectus within Australia or New Zealand;
- it has not and will not send the Prospectus or any other material relating to the Public Offer to any person in the United States or to any person that is, or is acting for the account or benefit of, a US Person; and
- the Applicant will not offer or sell the Shares in the United States or in any other jurisdiction outside Australia or New Zealand, or to a United States person, except in transactions exempt from registration under the US Securities Act 1933 as amended, and in compliance with all applicable laws in the jurisdiction in which the Shares are offered and sold.

9.18 Brokerage, commission and stamp duty

No brokerage, commission or stamp duty is payable by Applicants for Shares under the Offers. The Directors may determine, in their absolute discretion, to pay brokerage, commission or stamping fees to brokers or other financial intermediaries under the Offers.

9.19 Enquiries

If you require assistance to complete an Application Form or require additional copies of this Prospectus, you should contact the Offer Information Line on +61 418 286 266.

The Offer Information Line will be open on business days from 8.30am to 5.00pm Sydney time, until the Closing Date. If you require advice as to whether to invest in Timah, you should seek professional advice from your stockbroker, accountant or financial advisor.

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10. INDEPENDENT ACCOUNTANT REPORT

Please see next page.

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HALLCHADWICK

Corporate Finance & Advisory Services

HALL CHADWICK CORPORATE (NSW) LIMITED

ACN 080 462 488

SYDNEY

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Ph: (612) 9263 2600

Fx: (612) 9263 2800

E: hcsydinfo@hallchadwick.com.au

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A member of AGN International Ltd, a worldwide association of separate and independent accounting and consulting firms

26 June 2015

The Directors
Timah Resources Limited
Level 28, St Martins Tower
31 Market Street
Sydney NSW 2000

Dear Sirs,

Re: Investigating Accountant's Report on Historical and Pro forma Consolidated Historical Financial Information

We have been engaged by Timah Resources Limited ("Timah") to report on the historical financial information and pro forma consolidated historical financial information for inclusion in the Prospectus relating to an offer of up to 5,000,000 New Shares at $0.20 per Share to raise up to $1,000,000 ("Public Offer"). As part of the Prospectus, Timah is also offering Cash Nexus (M) Sdn. Bhd. ("Cash Nexus") or its nominee 10,000,000 New Shares at $0.20 per Share to raise $2,000,000 ("Placement").

The Public Offer and Placement ("Offers") are both subject to ASX approval for admission of Timah's shares to the official list of ASX being received, and will not proceed unless such approval is received.

Expressions and capitalised terms defined in the Prospectus have the same meaning in this report.

The nature of this report is such that it can only be issued by an entity which holds an Australian Financial Services License (No. 227902) under the *Corporations Act 2001*. Hall Chadwick Corporate (NSW) Limited holds the appropriate Australian Financial Services License under the *Corporations Act 2001.*

The Offers comprise part of a series of transactions under which Timah will acquire 100% of the issued shares of Mistral Engineering Sdn. Bhd. ("Mistral") and gain admission to the official list of ASX.

Mistral is a company incorporated in Malaysia which owns and operates a biogas power plant located in Sabah, Malaysia. Mistral is currently owned by Cash Nexus, which is a wholly owned subsidiary of Cepatwawasan Group Berhad, a company listed on the Bursa Malaysia.

Scope

Historical Financial Information

You have requested Hall Chadwick Corporate (NSW) Limited to review the following historical financial information of Timah and Mistral included in the Prospectus:

a) the historical consolidated statements of financial performance for the years 1 January 2013 to 31 December 2013 ("CY2013") and 1 January 2014 to 31 December 2014 ("CY2014") for Mistral;

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b) the historical consolidated statements of financial position as at 31 December 2014 of Timah and Mistral.

Historical consolidated statements of financial performance for Timah, which have previously been made publicly available, have not been disclosed in the Prospectus as the historical results of Timah are not relevant to its future operations, being those of Mistral.

The historical financial information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the adopted accounting policies of Timah and Mistral.

Timah's historical financial information has been audited annually and subject to a half year review as at 31 December 2014 by Hall Chadwick. Hall Chadwick issued an unmodified opinion on the 31 December 2014 financial report. The auditor's opinion included an emphasis of matter regarding a material uncertainty as to the going concern of the Company due to net losses incurred and negative cash flows from operations.

The historical financial information of Mistral has been extracted from its annual financial reports which were audited by Ernst & Young Malaysia. Ernst & Young issued an unmodified audit opinion on the financial reports.

The historical financial information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the *Corporations Act 2001*.

Pro forma consolidated historical financial information

You have requested Hall Chadwick Corporate (NSW) Limited to review the following pro forma consolidated historical financial information of Timah included in the Prospectus:

a) the pro forma consolidated statement of financial position of Timah as at 31 December 2014, assuming the acquisition of Mistral, completion of the Offers and material events that have occurred subsequent to 31 December 2014 as disclosed in the Prospectus.

The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the historical financial information and the transactions to which the pro forma adjustments relate, as described in section 6 of the Prospectus, as if those transactions had occurred as at the date, or prior to the date, of the historical financial information. Due to its nature, the pro forma consolidated historical financial information does not represent the company's actual or prospective financial position.

Directors' responsibility

The directors of Timah and Mistral are responsible for the preparation of the historical financial information and pro forma consolidated historical financial

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information, including the selection and determination of pro forma adjustments made to the historical financial information and included in the pro forma consolidated historical financial information. This includes responsibility for such internal controls as the directors determine are necessary to enable the preparation of historical financial information and pro forma consolidated historical financial information that is free from material misstatement, whether due to fraud or error.

Our responsibility

Our responsibility is to express a limited assurance conclusion on the financial information based on the procedures performed and the evidence we have obtained. We have conducted our engagement in accordance with the Standard on Assurance Engagement ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we have become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit or review report on any financial information used as a source of the financial information.

Conclusions

Historical financial information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the historical financial information, comprising:

a) the historical consolidated statements of financial performance for CY2013 and CY2014 for Mistral;
b) the historical consolidated statements of financial position as at 31 December 2014 of Timah and Mistral.

are not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in section 6 of the Prospectus.

Pro forma consolidated historical financial information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the pro forma consolidated historical financial information, comprising:

a) the pro forma consolidated statement of financial position of Timah as at 31 December 2014, assuming the acquisition of Mistral, completion of the Offer and material events that have occurred subsequent to 31 December 2014 as disclosed in the Prospectus;

is not presented fairly in all material respects, in accordance with the stated basis of preparation as described in section 6 of the document.

Restriction on Use

Without modifying our conclusions, we draw attention to the purpose of the financial information, being for inclusion in the Prospectus. As a result, the financial information may not be suitable for use for another purpose. We disclaim any assumption of responsibility for any reliance on this report or on the financial information to which it relates, for any purpose other than that for which it was prepared.

Consent

Hall Chadwick Corporate (NSW) Limited has consented to the inclusion of this assurance report in the Prospectus in the form and context in which it is included.

Disclosure of Interest

Hall Chadwick Corporate (NSW) Limited does not have any interest in the outcome of the Prospectus other than the issue of this report for which normal professional fees will be received. Hall Chadwick Corporate (NSW) Limited does not hold nor have any interest in the ordinary shares of the Company.

Hall Chadwick Corporate (NSW) Limited was not involved in the preparation of any part of the Prospectus and accordingly, makes no representations or warranties as to the completeness and accuracy of any information contained in the Prospectus.

Yours faithfully

Drew Townsend
HALL CHADWICK CORPORATE (NSW) LIMITED

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HALLCHADWICK
Corporate Finance & Advisory Services

FINANCIAL SERVICES GUIDE

Dated 26 June 2015

What is a Financial Services Guide (FSG)?
This FSG is designed to help you to decide whether to use any of the general financial product advice provided by Hall Chadwick Corporate (NSW) Limited ABN 28 080 462 488, Australian Financial Services Licence Number 227902 ("HCC").

This FSG includes information about:

- HCC and how they can be contacted;
- the services HCC is authorised to provide;
- how HCC are paid;
- any relevant associations or relationships of HCC;
- how complaints are dealt with as well as information about internal and external dispute resolution systems and how you can access them; and
- the compensation arrangements that HCC has in place.

This FSG forms part of an Investigating Accountant's Report ("Report") which has been prepared for inclusion in a disclosure document. The purpose of the disclosure document is to help you make an informed decision in relation to a financial product. The contents of the disclosure document, as relevant, will include details such as the risks, benefits and costs of acquiring the particular financial product.

Financial services that HCC is authorised to provide
HCC holds an Australian Financial Services Licence, which authorises it to provide, amongst other services, financial product advice for securities and interests in managed investment schemes, including investor directed portfolio services, to retail clients. We provide financial product advice when engaged to prepare a report in relation to a transaction relating to one of these types of finance products.

HCC's responsibility to you
HCC has been engaged by the Directors of Timah Resources Limited to prepare this Report for inclusion in a Prospectus in relation to the initial public offering of shares in Timah Resources Limited on the ASX ("Offer").

You have not engaged HCC directly but have received a copy of the Report because you have been provided with a copy of the Prospectus. HCC nor the employees of HCC are acting for any person other than Timah Resources Limited. HCC is responsible and accountable to you for ensuring that there is a reasonable basis for the conclusions in the Report.

General advice
As HCC has been engaged by Timah Resources Limited, the Report only contains general advice as it has been prepared without taking into account your personal objectives, financial situation or needs. You should consider the appropriateness of the general advice in the Report having regard to your circumstances before you act on the general advice contained in the Report.

You should also consider the other parts of the Prospectus before making any decision in relation to the Offer.

Fees HCC may receive
HCC charges fees for preparing reports. These fees will usually be agreed with, and paid by, the Timah Resources Limited. Fees are agreed on either a fixed fee or a time cost basis. In this instance, Timah Resources Limited has agreed to pay HCC $15,000 (excluding GST and out of pocket expenses) for preparing the Report. HCC and its officers, representatives, related entities and associates will not receive any other fee or benefit in connection with the provision of this Report.

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HCC officers and representatives receive a salary or a partnership distribution from Hall Chadwick Sydney professional advisory and accounting practice (the Hall Chadwick Sydney Partnership). Remuneration and benefits are not provided directly in connection with any engagement for the provision of general financial product advice in the Report. Further details may be provided on request.

Referrals

HCC does not pay commissions or provide any other benefits to any person for referring customers to them in connection with a Report.

Associations and relationships

Through a variety of corporate and trust structures HCC is controlled by and operates as part of the Hall Chadwick Sydney Partnership. HCC's directors may be partners in the Hall Chadwick Sydney Partnership. Mr David Kenney and Mr Drew Townsend, directors of HCC and partners in the Hall Chadwick Sydney Partnership, have prepared this Report. The financial product advice in the Report is provided by HCC and not by the Hall Chadwick Sydney Partnership.

From time to time HCC, the Hall Chadwick Sydney Partnership and related entities ("HC Entities") may provide professional services, including audit, tax and financial advisory services, to companies and issuers of financial products in the ordinary course of their businesses. HC Entities have provided some advisory services to the Client for which professional fees are received.

No individual involved in the preparation of this Report holds a substantial interest in, or is a substantial creditor of, Timah Resources Limited or has other material financial interests in the Offer.

Complaints resolution

If you have a complaint, please let HCC know. Formal complaints should be sent in writing to:
The Complaints Officer
Hall Chadwick Corporate (NSW) Limited
GPO Box 3555
Sydney NSW 2001

If you have difficulty in putting your complaint in writing, please telephone the Complaints Officer, Drew Townsend, on (02) 9263 2600 and he will assist you in documenting your complaint.

Written complaints are recorded, acknowledged within 5 days and investigated. As soon as practical, and not more than 45 days after receiving the written complaint, the response to your complaint will be advised in writing.

External complaints resolution process

If HCC cannot resolve the complaint to your satisfaction within 45 days, you can refer the matter to the Financial Ombudsman Service (FOS). FOS is an independent company that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about FOS are available at the FOS website www.fos.org.au or by contacting them directly at:
Financial Ombudsman Service Limited
GPO Box 3, Melbourne Victoria 3001
Telephone: 1300 78 08 06
Facsimile (03) 9613 6399
Email: info@fos.org.au

The Australian Securities and Investments Commission also has a free call infoline on 1300 300 630 which you may use to obtain information about your rights.

Compensation arrangements

HCC has professional indemnity insurance cover as required by the Corporations Act 2001(Cth).

Contact details

You may contact HCC at:
Hall Chadwick Corporate (NSW) Limited
GPO Box 3555
Sydney NSW 2001
Telephone: (02) 9263 2600
Facsimile: (02) 9263 2800

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11. RIGHTS AND LIABILITIES ATTACHING TO SHARES

The following is a summary of the more significant rights and liabilities attaching to Shares to be issued under this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain a definitive statement, persons should seek independent legal advice.

The rights attaching to the Shares arise from a combination of the Constitution, the Corporations Act, the ASX Listing Rules (assuming Timah is admitted to the official list of ASX) and general law. A copy of the Constitution is available for inspection free of charge during business hours at its registered office.

Rights attaching to new Shares

The New Shares to be issued under this Prospectus are ordinary shares and will as from their allotment rank equally in all respects with all existing Shares at the date of this Prospectus.

A summary of the rights attaching to the New Shares is set out below.

(a) Voting Rights

Subject to the Constitution, the ASX Listing Rules and any rights or restrictions at the time being attached to a class of shares, at a general meeting of Timah every Shareholder present in person, or by proxy, attorney or representative has one vote on a show of hands, and upon a poll, one vote for each Share held by the Shareholder. In the case of an equality of votes, the chairperson does not have a casting vote.

(b) Dividends

Subject to the Corporations Act, the ASX Listing Rules and any rights or restrictions attached to a class of shares, Timah may from time to time pay dividends as the Directors resolve but only out of the profits of Timah. The Directors may determine the method and time for payment of the dividend.

(c) Winding up

Subject to the Corporations Act, the ASX Listing Rules and any rights or restrictions attached to a class of shares, on a winding up of Timah the liquidator may, with the sanction of a special resolution divide among the shareholders of Timah in kind the whole or any part of the property of Timah.

(d) Transfer of Shares

Generally, shares are freely transferable, subject to satisfying the requirements of the ASX Listing Rules, ASX Settlement Operating Rules and the Corporations Act. The Directors may decline to register any transfer of Shares but only where permitted to do so by the Corporations Act, the ASX Listing Rules, the ASX Settlement Operating Rules, or under the Constitution.

(e) Further Increases in Capital

Subject to the Corporations Act, the ASX Listing Rules, the ASX Settlement Operating Rules and any rights attached to a class of shares, Timah (under the control of the Directors) may allot and issue shares and grant options over shares, on any terms, at any time and for any consideration, as the Directors resolve.

(f) Variation of Rights

Subject to the Corporations Act, the ASX Listing Rules, the ASX Settlement Operating Rules and the terms of issue of shares in a particular class, Timah can only vary or cancel rights attached to shares in that class by either special resolution passed at a general meeting of the holders of the shares in that class, or with the written consent of the holders of at least 75% of the votes in that class.

(g) Meetings and Notices

Each Shareholder will be entitled to receive notice of, and to attend and vote at, general meetings of Timah and to receive notices, accounts and other documents required to be furnished to Shareholders under the Constitution, the Corporations Act and the ASX Listing Rules. The quorum required for a meeting of Shareholders is three members present in person or by proxy, attorney or representative.

(h) Directors

The Constitution states that the minimum number of directors is 3 and the maximum number of directors is 10.

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12. MATERIAL CONTRACTS

12.1 PYSB POME Supply Agreement

PYSB (as seller) and Mistral (as buyer) entered into a PYSB POME Supply Agreement dated 30 April 2015 (as amended by deed dated 8 May 2015), under which PYSB agreed to supply all POME produced by the PYSB Mill to Mistral.

(a) **Term**: 20 years from 1 May 2015.

(b) **Price**: Mistral pays PSYB an annual sum of RM 10.00 regardless of the quantity of POME supplied. This is subject to annual review and mutual agreement of both parties.

(c) **Prohibition to sell POME**: During the term, unless Mistral otherwise agrees in writing, PYSB must not offer to sell or supply any POME produced at the PSYB Mill to any person other than Mistral.

(d) **Delivery and risk**: PYSB must use its best endeavours to deliver POME to Mistral at the Plant Delivery Point. Entitlement and risk in POME delivered by Mistral passes from PYSB to Mistral at the Delivery Point.

(e) **Costs**: Mistral is solely liable, at its cost, to transport all POME received at the Receipt Point of KM63, Jalan Sandakan-lahad Datu, Sungai Segaliud, Sabah to the Plant.

(f) **Warranty**:

PYSB warrants that:

(i) it will be in control and possession of the POME at all times up until the delivery of the POME to the Delivery Point;

(ii) when the POME is received by Mistral at the Receipt Point, Mistral will have a good title to the POME received; and

(iii) it will not, at any time, turn off the supply of POME to the Delivery Point without Mistral's prior written consent.

(g) **Default and termination**:

If any party:

(i) fails to take the necessary action to remedy a breach within one month from notice of the breach;

(ii) enters into voluntary liquidation;

(iii) enters into receivership or a manager is appointed over the whole or parts of its undertaking or assets;

(iv) is unable to pay debt as it falls due; or

(v) ceases to carry on the whole or substantial part of its business other than a reconstruction,

then, without prejudice to other rights or remedies, the other party is entitled to terminate the agreement with 7 days prior notice.

(h) **Force Majeure**:

(i) A Force Majeure Event is an event which is beyond the reasonable control and occurs without fault or negligence on the part of the party claiming a Force Majeure Event.

(ii) If a Force Majeure Event occurs, each party's material obligations under the PYSB POME Supply Agreement are suspended for up to 3 months.

(iii) If a Force Majeure Event occurs for more than 3 months, the parties must enter into bona fida discussions to agree upon alternative agreements that may be fair and reasonable.

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12.2 PYSB REPPA

Mistral (as seller) and PYSB (as buyer) executed a Renewable Energy Power Purchase Agreement dated 22 August 2009 (as amended by agreements dated 25 October 2012 and 1 January 2014), to sell and deliver energy generated by the Plant to PYSB.

(a) **Term**: 21 years from the Initial Operation Date (described below).

(b) **Initial Operation Date**: The date where the Seller commences generation of electrical energy and to supply, deliver and sell the Test Energy (energy associated with the start up and commissioning of the Facility prior to the Commercial Operation Date) to the Buyer.

(c) **Commercial Operation Date**: 1 August 2013.

(d) **Sale and purchase of Test Energy and electricity**:

Subject to the terms and conditions of the PYSB REPPA, the Seller must sell and deliver, and the Buyer must purchase and accept:

(i) the any electrical energy associated with the start-up and commissioning of the facility and metered at the Interconnection Point during the period from the Initial Operation Date until the Commercial Operation Date; and

(ii) on and after the Commercial Operation Date and for the Term, all electrical energy that has been produced by the Facility and delivered to the interconnection point between the Buyer and the Seller's systems (**Interconnection Point**), unless the Seller has agreed to sell that energy under a contract with a third party which has been approved by the Buyer, such as the Grid REPPA (**Available Electrical Energy**).

(e) **Price**: The price for the Available Electrical Energy metered and accepted by the Buyer at the Interconnection point (**Net Electrical Output**) is RM0.40 per KWh. The price may be negotiated by the parties at any time during the Term.

(f) **Exceptions to Buyer's obligation to accept electrical energy**: The Buyer is not obliged to accept electrical energy from the Facility and will only be obliged to pay 10% of the total price of such electrical energy if any of the below events occur, provided the Buyer uses their best endeavours to overcome the interruption as quickly as possible.:

(i) an Emergency Condition occurs on the Buyer's system that is interconnected with the Facility or an unplanned interruption of the operations of the PYSB's system arises (and there is no other means of delivering electrical energy to another part of the PYSB's system), PYSB may refuse to accept electrical energy until any part of PYSB's system becomes capable of accepting such electrical energy again. PYSB must give Mistral reasonable advance notice of such an occurrence or as soon as possible after the fact where advance notice is impractical.

(ii) If the Buyer needs to conduct necessary maintenance of the metering equipment with 24 hours prior notice.

(iii) In the reasonable opinion of the Buyer, the Facility produces electrical energy of a character inconsistent with appropriate electricity characteristics (provided details of such appropriate electricity characteristics have previously been agreed in writing between Mistral and PYSB), or that may adversely affect the safety, reliability or security of PYSB's equipment, facilities, personnel or system. If Mistral fails to correct the condition within a reasonable time, PYSB may physically interrupt the flow of electrical energy from the Facility until the condition is corrected or until Mistral demonstrates to the reasonable satisfaction of PYSB that Mistral is operating standards.

(g) **Performance Target**: On and from 1 January 2021 until the expiry of the Term, the Seller must use reasonable endeavours to deliver electrical energy to the Buyer's system at the Interconnection Point according to the following performance guarantees:

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(i) energy 12,800 MWh/year Net Electrical Output; and

(ii) supply of energy according to appropriate electrical characteristics to be agreed on in writing between the Buyer and the Seller prior to 1 January 2021.

(h) **Prohibition to Sell Electrical Energy to Third Party**: During the Term, the Seller must not sell any electrical energy generated by the facility to any party other than the Buyer unless prior written consent has been obtained from the Buyer. The Buyer has given its consent to the sale of electrical energy to SESB under the Grid REPPA.

(i) **Insurance**: Prior to Commencement Date, the Seller must insure and maintain property, employee and third party insurance in effect throughout the execution of construction works of the Facility. The Seller indemnifies the Buyer in respect of any damage or loss caused by the negligence of or breach of statutory duty by the Seller.

(j) **Force Majeure:**

(i) A Force Majeure event is an event which is beyond the reasonable control and occurs without the fault or negligence on the part of the party claiming a Force Majeure.

(ii) A party claiming Force Majeure must give notice to the other party and has obligation to remedy and to resume full performance under the agreement.

(iii) If a Force Majeure Event prevents either party from substantially performing any material obligation under the PYSB REPPA for a period exceeding 180 days, then either party may terminate the agreement by giving 30 days' written notice.

(k) **Default and termination**:

The occurrence of any of the following constitutes an Event of Default under the PYSB REPPA:

(i) the Seller abandons the Facility;

(ii) any party fails to make payments for undisputed amounts due within 90 days after receipt of written notice of such non-payment;

(iii) the Seller's Electricity Supply Licence being revoked or terminated or expiring and all applicable appeal periods expiring, or a final decision on the appeal confirming the termination being issued;

(iv) any party fails to comply with any of its other material obligations under the PYSB REPPA and fails to remedy it within 90 days (which can be extended to 180 days if failure cannot be remedied within 90 days after exercise of reasonable diligence);

(v) an event of insolvency, bankruptcy, winding up; and

(vi) if prior to the fifth anniversary of the Commercial Operation Date, unless the prior written consent of the Buyer is obtained:

- the Seller sells, conveys, transfers or otherwise disposes of the Project or enters into an agreement to do so; or
- any shareholder sells, transfers or otherwise disposes of any share of the Seller or enters into an agreement to do so; or
- there is a change in control of the Seller (20% threshold).

The Buyer has given its consent to the sale of Mistral to Timah for the purpose of this provision.

(l) **Remedies for Default**: If any Event of Default occurs and is continuing, the non-defaulting party may, in addition to any rights described in specific articles of the

PYSB REPPA, terminate the PYSB REPPA by giving written notice to the defaulting party.

(m) **Dispute resolution**: If disputes arise, the parties will try to resolve the disputes in good faith. If no agreement is reached within 3 months after it arises, then such dispute shall be settled by arbitration before a single arbitrator under the Kuala Lumpur Regional Arbitration Centre and such decision shall be final and binding upon the parties.

12.3 Grid REPPA

Subject to completion of the Plant Upgrade, Mistral intends to supply 100% of the biogas produced to the Grid. Mistral will receive a slightly higher price for supplying its electricity to the national electricity grid based on the approved FiT Rate of RM0.4169 per KWh, compared to the price under the PYSB REPPA.

Once Mistral has the licence to supply into the Grid, Mistral will enter into a new renewable energy power purchase agreement (**Grid REPPA**) with a Distribution Licensee.

The SEDA[22] website contains a standard REPPA for the sale and purchase of biogas (**REPPA**).[23] The terms of the Grid REPPA will be based on the standard terms and conditions set out in the REPPA, but subject to any necessary amendments and the outcome of negotiations between Mistral and the Distribution Licensee.

The standard terms of the REPPA (which the Grid REPPA will be based on) are set out below:

(a) **Parties**:

(i) **Distribution Licensee**: this will be a company holding the licence to distribute electricity and is the buyer of electricity under this agreement; and

(ii) **Feed-in Approval Holder** (**FIAH**): Mistral will be the FIAH under the agreement, as it is the holder of a feed-in approval certificate issued by SEDA, under the *Renewable Energy Act 2011* of Malaysia.

(b) **Term**: from the Effective Date (date that the agreement is executed, delivered to each of the Parties and registered by SEDA) and continuing through the effective period as specified in the FiT Approval (being 16 years). (Note: This is the period during which renewable electricity can be sold to the Distribution Licensee at the FiT Rate. The duration is based on the characteristics of the renewable resources and technologies and the duration is usually 16 years for biogas resources.)

(c) **Sale and purchase and Price**:

(i) From the initial operation date, Mistral (as the FIAH) must sell and deliver the Test Renewable Energy.

'**Test Renewable Energy**' is the renewable energy generated and delivered from the start up and commissioning of the renewable energy installation, from the initial operation date to the feed in tariff commencement date.

The '**initial operation date**' occurs when conditions in the sub-paragraph 6(7) of Schedule 3 of the Renewable Energy (Technical & Operational Requirements) Rules 2011 (**T&O Rules**) have been satisfied for Mistral to commence generation of renewable energy and to sell and deliver the Test Renewable Energy.

Price: The Distribution Licensee must accept the Test Renewable Energy and pay the price equivalent to 30% of the prevailing displaced cost.

[22] SEDA is a statutory body formed under the Sustainable Energy Development Authority Act 2011. The key role of SEDA is to administer and manage the implementation of the feed-in tariff mechanism which is mandated under the Renewable Energy Act 2011.
[23] Available on http://seda.gov.my/sample_of_standardized_reppas.html.

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(ii) From the feed-in commencement date, Mistral (as the FIAH) must sell and deliver, and the Distribution Licensee must accept, the Metered Renewable Energy.

'**Feed-in tariff commencement date**' can only occur upon the satisfaction of conditions as set out in sub-rule 15(1) of the T&O Rules and the submission by Mistral to the Distribution Licensee of SEDA's written confirmation of the FiT Rate.

Price for Metered Renewable Energy must be the FiT Rate (which, for Mistral, is RM0.4169 per KWh).

(d) **Obligations to accept renewable energy**: The Distribution Licensee is generally obliged to accept all of the declared annual quantity (in MWh) of renewable energy for each year during the term of REPPA. If in any contract year the Distribution Licensee fails or refuses to accept renewable energy due to reasons not attributable to Mistral, Mistral will be entitled to specific payments from the Distribution Licensee.

There are exceptions to the Distribution Licensee's obligation to accept renewable energy. The Distribution Licensee is not obliged to accept renewable energy delivered exceeding 110% of declared annual availability. Other exceptions include where the Distribution Licensee is exempted by SEDA from accepting the energy, where an emergency condition occurs, where the energy delivered does not conform to the electrical characteristics consistent with prudent utility practices and where the Distribution Licensee is undertaking maintenance works.

(e) **Taxes and Fines**: Each party bears its own taxes and fines. If a party can prove that a fine was issued due to the other party's instructions, actions, or inactions, then they may be entitled to have that fine indemnified by the other party.

(f) **Insurance**: Prior to the commencement of construction work at the site, Mistral must have property, employees and third party insurances in place.

(g) **Force Majeure**:

A Force Majeure event is an event which is beyond the reasonable control and occurs without the fault or negligence on the part of the party claiming a Force Majeure and causes a delay in the performance of obligations under the Agreement despite all reasonable efforts to mitigate the delay.

A Party claiming Force Majeure must give notice to the other party and has obligation to remedy and to resume full performance under the agreement.

Subject to certain limitations, the obligations of the Party claiming Force Majeure is suspended or excused to the extent their performance is affected by such Force Majeure Event.

If a Force Majeure Event results in the failure by Mistral to meet its minimum performance threshold as stipulated in Mistral's Feed-in Approval, then the agreement will automatically terminate.

(h) **Default and termination**: Events of default under the agreement include:

(i) failure to make payments for undisputed amounts under the agreement within 60 days of notice;

(ii) where Mistral's (as FIAH) Feed-in Approval or licence has been terminated and appeal period has expired or a final decision has been issued confirming the termination;

(iii) a party fails to comply with its material obligations under the agreement;

(iv) where Mistral abandons the Project (ie the development, insurance, installation (amongst others) of the renewable energy installation, the interconnection facilities and all associated activities); and

(v) where any party becomes insolvent, has receivers appointed, or is subject to winding up.

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If an Event of Default occurs, the non-defaulting Party may terminate the agreement by giving 14 days' written notice to the defaulting party.

If the Distribution Licensee terminates the agreement, then the Licensee will have the option but not the obligation, to purchase the Project.

If Mistral (as FIAH) terminates the agreement, then Mistral will have the option but not the obligation, to sell the Project to the Distribution Licensee.

(i) **Indemnity**: Each party indemnifies the other against all claims caused by any act of the indemnifying party's own officers, directors, agents that arises out of or are in connection with the performance of the agreement. Mistral will also indemnify the Distribution Licensee against costs and damages under environmental liabilities from condition of the Site, or Mistral's ownership or operation of the renewable energy installation.

(j) **Dispute resolution and arbitration**: If disputes arise, the parties will try to resolve the disputes in good faith. If no agreement is reached within 3 months after it arises, then such dispute must be settled by arbitration before a single arbitrator under the Kuala Lumpur Regional Arbitration Centre and such decision shall be final and binding upon the parties.

12.4 Plant Upgrade Contract

On 26 February 2015, Mistral issued a letter of acceptance of offer to Veolia to confirm that it has accepted Veolia's tender to conduct the Plant Upgrade Services. This letter was executed by Veolia on 25 March 2015 (**Plant Upgrade Contract**).

The scope of the Plant Upgrade Services under the Plant Upgrade Contact with Veolia includes any deliveries to Mistral's site, the installation, commissioning and testing of the Plant Upgraded infrastructure, a guaranteed performance of the specifications of the treated water at the final discharge point for 18 months and the training of personnel at the Plant. In designing the Plant Upgrade, Veolia factored in the following:

(a) when determining the Plant Upgraded capacity for the Plant, the quantity of POME to be supplied by PYSB under the PYSB POME Supply Agreement to reduce the risk that the Plant Upgraded Plant would require more POME to operate at full capacity than PYSB is capable of supplying; and

(b) the recent increase in the capacity of the PYSB Mill from 60 tonnes fresh fruit bunch per hour (**tFFB/hr)** to 90 tFFB/hr.

The consideration payable by Mistral to Veolia under the Plant Upgrade Contract is RM6,350,000 (approximately A$1,867,647 on an exchange rate of RM1 = $A0.34). This is payable in instalments (25% on signing (which has been paid), 10% on delivery of complete engineering documents (which is anticipated to be around the end of June 2015), 30% on delivery of main equipment, 25% at the end of construction works as certified by Mistral's project consultant, 5% on commissioning as certified by Mistral's project consultant and 5% on handover).

As security for its performance under the Plant Upgrade Contract, Veolia has an obligation to provide to Mistral with the following bank guarantees:

- on signing the Plant Upgrade Contract, a bank guarantee of RM317,500 (5% of the total consideration); and
- on handover of the Plant Upgrade to Mistral, a bank guarantee of RM317,500 (5% of the total consideration) which is to remain valid for 18 months after commissioning to secure any warranty claims by Mistral (Veolia has given a warranty against defective material and workmanship for 18 months after commissioning).

The Plant Upgrade Contract does not specifically provide a mechanism for determining the cost to Mistral of any potential variations.

The site is to be handed over to Mistral by 27 July 2015 and the date of mechanical completion start up of the Plant Upgraded Plant and water treatment facilities Plant following the Plant Upgrade is 31 October 2015. Completion will occur when various Government departments have given their approval to operate the Plant Upgraded Plant after

commissioning and the Plant Upgraded Plant operates continuously without failure or interruption of any kind for a period of 26 processing days.

Under the Plant Upgrade Contract, Veolia has represented that the treated POME at the final discharge point from the Plant Upgraded Plant and water treatment facilities will meet discharge parameters to comply with DOE requirements regarding the pH, temperature, BOD and content of the treated water. The Plant Upgrade Contract does not expressly provide for a remedy against Veolia in the event that the treated water does not comply with DOE requirements, but Mistral may be able to claim damages for breach of contract in relation to any loss which Mistral suffers (eg a fine from the DOE).

12.5 Cash Horse POME Supply Agreement

Cash Horse (as seller) and Mistral (as buyer) entered into the Cash Horse POME Supply Agreement dated dated 8 May 2015, under which Cash Horse agreed to supply all POME produced by the EFB Mill to Mistral.

(a) **Term**: 20 years from 15 May 2015.

(b) **Price**: Mistral to pays Cash Horse an annual sum of RM 10.00 regardless of the quantity of POME supplied. This is subject to annual review and mutual agreement of both parties.

(c) **Prohibition to sell POME**: During the term, unless Mistral otherwise agrees in writing, Cash Horse must not offer to sell or supply any POME produced at the EFB Mill to any person other than Mistral.

(d) **Delivery and risk**: Cash Horse must use its best endeavours to deliver POME to Mistral at the Plant Delivery Point. Entitlement and risk in POME delivered by Mistral passes from Cash Horse to Mistral at the Delivery Point

(e) **Costs**: Mistral is solely liable, at its cost, to transport all POME received at the Receipt Point of KM63, Jalan Sandakan-lahad Datu, Sungai Segaliud, Sabah to the Plant.

(f) **Warranty**:

Cash Horse warrants that:

(i) it will be in control and possession of the POME at all times up until the delivery of the POME to the Delivery Point;

(ii) when the POME is received by Mistral at the Receipt Point, Mistral will have a good title to the POME received; and

(iii) it will not, at any time, turn off the supply of POME to the Delivery Point without Mistral's prior written consent.

(g) **Default and termination**:

If any party:

(i) fails to take the necessary action to remedy a breach within one month from notice of the breach;

(ii) enters into voluntary liquidation;

(iii) enters into receivership or a manager is appointed over the whole or parts of its undertaking or assets;

(iv) is unable to pay debt as it falls due; or

(v) ceases to carry on the whole or substantial part of its business other than a reconstruction,

then, without prejudice to other rights or remedies, the other party is entitled to terminate the agreement with 7 days prior notice.

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(h) **Force Majeure**:

(i) A Force Majeure Event is an event which is beyond the reasonable control and occurs without fault or negligence on the part of the party claiming a Force Majeure Event.

(ii) If a Force Majeure Event occurs, each party's material obligations under the Cash Horse POME Supply Agreement are suspended for up to 3 months.

(iii) If a Force Majeure Event occurs for more than 3 months, the parties must enter into bona fide discussions to agree upon alternative agreements that may be fair and reasonable.

12.6 GTF Scheme Loan

Term Loan Facility Agreement dated 29 June 2010 between AmBank (M) Berhad (**Bank**) and Mistral under the Credit Guarantee Corporation Malaysia Berhad (12441-M) (**CGC**) Green Technology Financing Scheme (**Facility**)

(a) **Limit of the Facility**: Up to a maximum aggregate principal amount of RM15,000,000. This has been fully drawn down.

(b) **Purpose**: To finance up to 81% of the development costs of the Plant located at Sungai Segaliud, Sandakan, Sabah (**Project**).

(c) **Security**: The Facility is secured by the following:

(i) corporate guarantee of CGB for 40% of the Limit of the Facility;

(ii) first party first fixed charge over approximately 7.596 acres of sub-divided land (**Project Land**) together with the Plant to be erected thereon which currently forms part of the 500 acres of agricultural land held under Country Lease Title Deed No. 075359947 located at Sungai Segaliud, Sandakan, Sabah (**Master Title**);

(iii) pending the subdivision of the Project Land from the following for drawdown and utilisation of the Facility:

(A) charge in escrow on the Project Land; and

(B) Public Bank Berhad to exclude the 7.596 acres of Project Land from its first charge on the Master Title or Mistral to redeem the Project Land from the first charge of Public Bank Berhad;

(iv) debenture by way of fixed and floating charge over all assets of Mistral excluding the stipulated amount of Certified Emission Reductions (**CERs**) to be generated by Mistral and to be delivered to The Danish Ministry of Climate and Energy and Nordjysk Elhandel A/S under the Letters of Intent dated 24 October 2008 (and any amendments or supplement thereafter) but including the proceeds generated from the sales of the CERs;

(v) assignment over all contract proceeds due from PYSB in accordance with the PYSB REPPA;

(vi) assignment over all rights and benefits under the contracts between Mistral and its contractors; and

(vii) assignment over the performance bonds issued by contractors in favour of Mistral in relation to the Project.

(The parties providing security are referred to as the **Security Party**)

(d) **CGC guarantee**: Under section 7.1 of the GTFS Guideline issued under CGC's ref no: GTFS/PDS/15122009 (**GTFS Guideline**), CGC guarantees 60% of the Limit of the Facility (**Guarantee Cover**).

Under section 9 of the GTFS Guideline, a guarantee fee of 0.50% p.a. is charged on the Guarantee Cover upon issuance of Letter of Guarantee (**LG**) by CGC. The

Bank is invoiced by CGC within a week from the LG date and Mistral reimburses the Bank accordingly within 15 days from the date of the invoice.

(e) **Rate of interest**: The rate of interest on the Facility is 1.50% per annum above the Bank's cost of funds. Mistral has the option to convert the Facility into a fixed rate loan upon full drawdown of the facility, and has in fact converted the interest rate to a fixed rate of 6.17% per annum effective from 16 January 2015.

Under section 12 of the GTFS Guideline, the Ministry of Finance (**MOF**) must reimburse the Bank 2.00% per annum of the rate of interest on the Facility on a quarterly basis. Mistral must pay the rate of interest on the Facility and is reimbursed accordingly as and when the Bank receives the same from MOF.

(f) **Term**: The term of the Facility is up to a maximum of 10 years from the date of first drawdown under the Facility, inclusive of a grace period of 3 years.

(g) **Commitment fee**: Mistral pays the Bank a Commitment Fee of 0.25% per annum on the undrawn portion of the Facility during the Availability Period, payable quarterly in arrears.

(h) **Repayment of principal**: The Facility is repayable in 84 monthly instalments, the first to commence 37 months from the date of first drawdown under the Facility:

Month	Monthly Instalment (RM)	Total (RM)
37 to 48	137,500	1,650,000
49 to 60	137,500	1,650,000
61 to 72	137,500	1,650,000
73 to 84	137,500	1,650,000
85 to 96	225,000	2,700,000
97 to 108	225,000	2,700,000
109 to 120	250,000	3,000,000
TOTAL		**15,000,000**

(i) **Additional covenants**:

(i) For as long as any sum remains payable by Mistral under the Facility:

(A) Mistral cannot, without the Bank's prior written consent:

(1) offer or create any charge or debenture (whether fixed or floating), mortgage, pledge, lien or any other encumbrances of whatsoever nature or description over any of its assets, properties both present and future or any part thereof as security for any loans or other indebtedness now existing and/or which may hereafter be incurred or assumed by Mistral, save and except those encumbrances already disclosed to the Bank;

(2) incur further bank borrowings;

(3) change the shareholding structure and management team of Mistral; and

(4) make any loans/advances to its director(s) and shareholder(s) or provide any form of guarantee in respect of any financing obtained by its director(s) and shareholder(s); and

(B) all present and future loans and advances by any of Mistral's shareholders to Mistral are subordinated to the Facility.

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(ii) Declaration of dividends by cash is permitted subject to the satisfaction of the following conditions:

(A) the Minimum Amount in the DSRA is maintained; and

(B) the quantum paid is not more than the Profit After Tax of the preceding financial year of Mistral.

(j) **Special conditions**:

(i) Mistral must open a Debt Service Reserve Account (**DSRA**) with the Bank. Monies in the DSRA are required to be built up in the following manner to secure the next interest payment and/or principal repayment under the Facility.

(A) The amount to be maintained in the DSRA at any time during the Term of the Facility (whether interest, principal or both) is referred to as the "Minimum Amount".

(B) The Minimum Amount to be maintained in the DSRA account is determined as follows:

(1) upon commissioning of the Plant, a minimum amount equivalent to 6 months interest; and

(2) upon commencement of the first principal repayment under the Facility, a minimum amount equivalent to 3 months' principal repayment.

(C) The Minimum Amount is to be credited in to the DSRA at least 30 days prior to the next relevant interest payment and/or principal repayment date, as the case may be.

(D) In the event the Bank is required to utilise all or any part of the monies in the DSRA towards payment of interest, overdue interest, fees, charges or other expenses due under the Facility, Mistral will immediately upon demand by the Bank deposit additional monies so as to maintain the Minimum Amount.

(ii) Mistral must submit to the Bank a monthly progress report in respect of the Project which includes details of the scope of works, status of on-going construction works and value of works completed and billed. The first progress report was to be submitted 6 months from the date of first drawdown under the Facility.

(k) **Review of Facility**: The Bank reserves the right to review the Facility at its sole discretion, as it deems fit and at any time, and may unilaterally impose any variations or amendments (including increasing or reducing the limit of the Facility, and the continuation of utilisation, suspension or termination of the Facility) to the terms and conditions of the Facility. The Bank may also require Mistral to provide additional or substitute security acceptable to the Bank at the Bank's absolute discretion.

(l) **Termination of Facility**: The Bank reserves the right to terminate the Facility at any time upon giving Mistral 14 days' written notice to that effect. If the Facility is terminated, Mistral must repay all outstanding sums on or before expiry of that notice without set-off or counter-claim.

(m) **Right of set-off:** AmBank may at any time without notice after an event of default or by making demand, notwithstanding any settlement of account or other matter, combine or consolidate all or any then existing accounts, including accounts in the name of the bank, and set off or transfer any such amounts standing to the credit of any one or more accounts in or towards satisfaction any money owing or obligations or liabilities of Mistral to AmBank, whether such liabilities are present future actual contingent, collateral, several or joint.

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12.7 CGB Loan

Internal Loan Facility Agreement dated 8 May 2015 between CGB (**Lender**) and Mistral (**CGB Facility**).

(a) **Limit of CGB Facility**: Up to aggregate principal amount of RM 20,000,000.

(b) **Repayment Date**: 31 December 2020.

(c) **Purpose**: Mistral's daily operation and business development needs, or such other purposes as the Lender may from time to time agree at its discretion, including the funding of the Plant Upgrade.

(d) **Repayment**: Mistral must repay on or before the Repayment Date, which may be extended at the Lender's discretion on following a request by Mistral.

(e) **Payment**: All payments by Mistral must be in full without deduction or withholding, unless the withholding is required by law, in which case Mistral must:

(i) ensure the deduction or withholding does not exceed minimum amount legally required;

(ii) pay to relevant taxation or other authorities within the period for payment the full deduction or withholding; and

(iii) furnish to the Lender an official receipt, certificate of deduction or equivalent evidence in respect of all amounts deducted or withheld.

(f) **Interest**: Mistral must pay interest at a rate equal to the cost of funds of the Lender.

(g) **Non-payment of Interest**: If Mistral fails to pay any interest, the Lender may elect to capitalise the interest and add it to the principal sum at the end of the month.

(h) **Default in Payment**: If Mistral fails to pay any amount in accordance with the CGB Facility, Mistral must pay additional charge on the amount as agreed liquidated damages from time of default up to date of the actual payment.

(i) **Events of Default**: Event of Default under the CGB Facility include:

(i) breach of obligation under the Facility; and

(ii) Insolvency.

If an Event of Default occurs, the Lender may by notice to Mistral, declare that the Event of Default has occurred and declare the Indebtedness with the accrued interest is immediately due and payable. No further utilisation of the CGB Facility is then allowed and the CGB Facility is cancelled.

(j) **Notice Irrevocable**: Where Mistral gives notice to the Lender to prepay the Indebtedness, the amount of the prepayment becomes due and payable on the expiry of the period specific in the notice together with accrued interest on the Indebtedness.

(k) **Force Majeure**:

(i) If a Force Majeure Event occurs that materially affects the Lender's obligation to lend, maintain or fund the CGB Facility, the Lender must give notice to Mistral of the fact.

(ii) Mistral and the Lender must enter into discussions to determine a mutually acceptable solution within 30 days from the date of notice.

(iii) If no mutually acceptable solution has been agreed after 30 days, the Lender, without any liability for any failure on its part to perform, is entitled to terminate the CGB Facility by giving Mistral at least 14 days written notice.

12.8 Services Agreement

On 8 May 2015, Cash Nexus and Timah executed a Services Agreement (**Agreement**).

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(a) **Services**: Cash Nexus has agreed to supply to Timah the following services:

(i) supervisory services on operations, administration and business development;

(ii) accountancy services, including the preparation of full set of monthly, quarterly and half yearly accounts for the purpose of ASX reporting and yearly accounts for local compliance audit and tax filing;

(iii) the services of Dato' Seri Mah King Thian as Executive Chairman of Timah;

(iv) the services of Dato' Seri Mah King Seng as Managing Director of Timah;

(v) the services of Soong Swee Koon as Chief Operating Officer of Timah; and

(vi) the services of Mr Wong Kah Lih as Group Accountant.

(b) **Contract Term**: The Agreement commences immediately upon successful listing of Timah on ASX and continues in effect until notice of termination by either party giving one month's notice.

(c) **Payment**: Timah must pay a monthly fee of $5,000.00 to Cash Nexus.

(d) **Costs and expenses**: Timah must reimburse Cash Nexus on a monthly basis for any incidental costs and expenses Cash Nexus incurs in performing the services.

12.9 ITA Letter of Approval

Letter of approval by Malaysian Investment Development Authority to Mistral for Galakan Elaun Cukai Pelaburan (Investment Tax Allowance Incentive) under *Akta Penggalakan Pelaburan 1986 (Investment Incentive Act 1986)* dated 8 June 2010.

The Government of Malaysia has approved the application by Mistral for the Investment Taxes Allowance Incentive as much as 100% for the qualified capital expenditure in the period of 5 years to produce electricity from biomass. The allowance is to be used to deduct until 100% from the statutory income for each assessed year.

The approval is subject to the terms below:

(a) Mistral must be operating at di KM 63, Jalan Sandakan – Lahad Datu, Sandakan, Sabah;

(b) Mistral must use the waste from the palm plantation/factory; and

(c) Mistral must execute project/activity that generates electricity from renewable sources in the period of 1 year from approval date.

This approval is effective starting from the date of the first qualified capital expenditure produced. The application to set the effective date of Investment Taxes Allowance Incentive must be submitted by filing Form 1 (Penetapan Tarikh Kuatkuasa Elaun cukai Pelaburan) in the period of 2 years from the letter date.

If there's no capital expenditure made in the period of 2 years, postponement for the effective date for incentive can be applied. The application must be submitted to MIDA before the expiry period. If the application is not submitted in this timeframe, the incentive approval can be withdrawn.

12.10 Lease of Wayleave

On 8 May 2015, PSYB (as landlord) and Mistral (as tenant) entered into a contract for the Lease of Wayleave (**Lease**).

(a) **Duration**: 20 Years from 1 September 2015. Notwithstanding the Commencement Date, Mistral was permitted to access the Land from 8 May 2015.

(b) **Purpose**: The purpose of the Lease is to allow Mistral to erect electric lines and ancillary works along from the Plant to the switching substation for the supply of electricity.

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(c) **Price**: Fixed monthly rent of RM3,000 commencing on 7 September 2015. An increase of RM500 per month will occur after 10 years from the Commencement Date.

(d) **Mistral's Obligations**:

(i) pay the reserved rent;

(ii) bear and discharge all existing and future rates taxes assessments imposed on the premises for the electrical lines and ancillary works;

(iii) erect overhead electricity and ancillary works in accordance with plans and specifications previously approved by the Landlord;

(iv) comply with Acts and Regulations when erecting overhead electricity and ancillary works and to indemnify the Landlord from penalties claims, expenses and liability in relation to non-compliance;

(v) keep in good and substantial repair the overhead electricity lines and ancillary works;

(vi) within 6 months of the expiry of the Lease, remove all electrical lines, ancillary works and all debris;

(vii) allow repossession of the Land following expiry of the Lease;

(viii) discharge not more than 20mg of BOD on the land in accordance with the Department of Environments; and

(ix) provide one month notice specifying the number of oil palm trees to be cut for the purposes of erecting the overhead electric lines and ancillary works. Mistral must pay PYSB RM 800.00 compensation per tree within 7 days from the date of completion.

(e) **Assignment**: Mistral may assign the Lease and Mistral's duties and obligations to any other person or company.

(f) **Events of breach**: In event of breach or breaches of terms under the Lease, the party not in breach must give the breaching party 7 days from date of notice to remedy the breach.

12.11 Deed of Indemnity and Access

Clause 28 of the Constitution provides that Timah must indemnify each director against liability for an act or omission in the capacity as a director of Timah.

Timah has executed a Deed of Indemnity and Access with each of its Directors. Each deed provides each Director with a contractual right to:

(a) (**Access to Board Papers**): access the books and records of Timah for a period of 7 years after the Director ceases to hold office (longer where a proceeding has been commenced during the 7 year period). Timah must keep a complete set of board papers during the 7 year period.

A Director who asks to inspect for a copy of a board paper acknowledges that Timah remains the owner of all board papers and may request the Director to provide reasons why he or she requires access to a document.

If Timah has any right to privilege under any document which a Director copies or uses, Timah does not waive any privilege in that document.

A Director must not disclose any confidential information contained in a board paper to a third party, unless:

(i) the Director first obtains Timah's consent;

(ii) the Director is required to do so by law;

(iii) the disclosure is made for the purpose of obtaining professional advice; or

(iv) the disclosure is made in connection with a court proceeding or threat of a court proceeding.

(b) (**Indemnity to Director**): be indemnified by Timah to the maximum extent permitted by law. Such indemnity remains in full force and effect until released by the Director.

Where a Director provides with the Company invoices or other relevant evidence of the costs incurred or expected to incur in defending a proceeding, Timah will advance to the Director reasonable costs incurred or expected to be incurred by the Director. The effect of this is that a Director can demand payment before he or she has actually incurred an expense.

12.12 Timah Pasir Loan

On 4 June 2015, Timah Pasir Sdn. Bhd. (**Lender**) and Timah (as borrower) entered into a loan agreement (**Timah Pasir Loan**).

(a) **Loan amount**: AUD370,000.

(b) **Duration**: Payable within 60 days of demand by the Lender.

(c) **Purpose**: The purpose of the loan is solely to fund the expenses of the Offers, the Admission and the ASX Listing and de-listing from the NSX.

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13. ADDITIONAL INFORMATION

13.1 Corporate history

Timah was incorporated in New South Wales under the Corporations Act as a public company limited by shares on 16 February 2007 as Vietnam Emerging Capital Limited. It changed its name to Timah Resources Limited on 7 January 2011.

13.2 Timah tax status

Timah will be taxed in Australia as a public company.

13.3 Options

At the date of this Prospectus, Timah has no options on issue.

13.4 Dividends

The payment of a dividend by Timah is at the discretion of the Incoming Directors and is subject to a number of factors, such as cash flows and available distributable profits, and any other factors the Incoming Directors consider relevant. A dividend policy will be announced at a later stage when Timah is closer to becoming profitable.

No guarantee can be given about future dividends or the level of franking or imputation of such dividends or the payout ratios, as these matters depend upon the future profits of Timah and its financial and taxation position at the time.

13.5 Dividend reinvestment plan

Timah intends to establish a dividend reinvestment plan when the Incoming Directors see fit. The terms and conditions of this plan will be made clear by a company announcement released to Shareholders.

13.6 Employee incentive plans

Timah may establish an employee incentive plan if and when the Incoming Directors see fit. The terms and conditions of any employee incentive plans will be released to Shareholders.

13.7 Directors' Interests and Benefits

Director's interests in Shares

Other than as set out below or elsewhere in this Prospectus, no Director nor any firm in which such a Director is a partner, has or had within 2 years before the lodgement of this Prospectus with the ASIC, any interest in:

(a) the formation or promotion of Timah;

(b) property acquired or proposed to be acquired by Timah in connection with its formation or promotion or the Issue of New Shares under this Prospectus; or

(c) the Issue of New Shares under this Prospectus,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) to any Director or to any firm in which any such Director is a partner, either to induce him to become, or to qualify him as, a Director or otherwise for services rendered by him or by the firm in connection with the formation or promotion of Timah or Issue of New Shares under this Prospectus.

Directors' direct and indirect interests in securities of Timah at the date of this Prospectus (in each case set out on a pre Consolidation basis) are:

Name	Securities
Jack Tian Hock Tan	946,743 Shares held directly (1.18%) 136,001 Shares held indirectly by virtue of a substantial interest in Coin Equities Pty Ltd (0.17%)

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Name	Securities
Lawrence Nguyen	500,001 Shares held directly (0.62%) 1,746,742 Shares held indirectly by virtue of a substantial interest in Lawrence Nguyen Nominees Pty Ltd (2.18%)
Ting Teck Kai	100,000 Shares (0.12%)
Dato' Seri Mah King Thian	9,500,000 Shares held indirectly by virtue of a substantial interest in MHC Plantations Bhd and Yew Lee Holdings Sdn. Berhad, which are substantial shareholders of CGB, and the Call Option (11.84%)
Dato' Seri Mah King Seng	9,500,000 Shares held indirectly by virtue of a substantial interest in MHC Plantations Bhd and Yew Lee Holdings Sdn. Berhad, which are substantial shareholders of CGB, and the Call Option (11.84%)

The Incoming Directors' direct and indirect interests in securities of Timah after the completion of the issue of the Consideration Shares, Placement Shares and Public Offer Shares (in each case set out on a post Consolidation basis) are:

Name	No. of Shares held directly	No. of Shares held indirectly	Total % Shareholding
Jack Tian Hock Tan	473,372***	68,001*	0.55%
Dato' Seri Mah King Thian	Nil	57,500,000**	58.75%
Dato' Seri Mah King Seng	Nil	57,500,000**	58.75%
Soong Swee Koon	Nil	Nil	Nil
Lee Chong Hoe	Nil	Nil	-
Michelle Siew Yee Lee	Nil***	Nil	-

The Constitution of Timah provides that the Directors may be paid for their services as Directors. Directors may only be paid a sum not exceeding such fixed sum per annum as may be determined by Timah in general meeting, to be divided among the Directors as agreed, and in default of agreement, in equal shares.

In the two years preceding lodgement of this Prospectus, $115,800 (excluding GST where applicable) has been paid by Timah by way of remuneration for services provided by all Directors, companies associated with the Directors or their associates in their capacity as Directors, employees, consultants or advisers. Directors, companies associated with the Directors or their associates are also reimbursed for all reasonable expenses properly incurred in the course of conducting their duties which include, but are not in any way limited to, out of pocket expenses, travelling expenses, disbursements made on behalf of Timah and other miscellaneous expenses.

Director's remuneration

Dato Seri Mah King Thian and Dato Seri Mah King Seng will not be paid remuneration for their roles as Directors of Timah.

Soong Swee Koon will be paid remuneration for his role as Chief Operating Officer of Mistral (which is paid by a related body corporate in the CGB group), but will not receive additional remuneration for his role as Director of Timah.

Jack Tian Hock Tan and Michelle Siew Yee Lee will each be paid approximately $20,000 per annum for their roles as Australian resident independent Directors of Timah.

Lee Chong Hoe will be paid RM30,000 per annum for his role as Malaysian resident independent Director of Timah.

There are no executive service agreements directly between Timah and its Directors or Senior Management. Rather, Timah has entered into a contract for services with Cash Nexus (summarised in **section 12.8**) under which Cash Nexus has agreed to provide to Timah the services of an Executive Chairman (Dato' Seri Mah King Thian), a Managing Director (Dato' Seri Mah King Seng) and a Chief Operating Officer (Soong Swee Koon), amongst other services.

Deeds of Indemnity and Access

Timah has entered into Deeds of Indemnity and Access with the Directors on standard terms for directors of public listed companies.

Under each deed, Timah has undertaken, to the extent permitted by law, to indemnify each Director in certain circumstances for 7 years after the Director has ceased to be a Director. Timah has also agreed to provide access to records of Timah while the person is a Director and after they cease to be a Director, where such access is required in connection with potential or actual legal proceedings or regulatory action involving the Director.

The form of Deed of Indemnity and Access is summarised in **section 12.11**.

13.8 Interests of Experts and Advisers

The following parties have given (and not before the date of this document withdrawn) their consent to be named in this document in the form and context in which they are named:

- Allion Legal, in its capacity as Australian solicitors to Timah;
- Chris Koh & Chew, in its capacity as Malaysian solicitors to Timah;
- Hall Chadwick Corporate in its capacity as the investigating accountant to Timah; and
- Hall Chadwick in its capacity as auditor of Timah.

Each of Allion Legal, Chris Koh & Chew, Hall Chadwick Corporate and Hall Chadwick has not:

- authorised or caused the issue of this Prospectus;
- made, or purported to have made, any statement in this Prospectus or on which a statement in this Prospectus is based except as set out in this section; or
- assumed the responsibility for any part of this Prospectus,

except as set out in this **section 13.8** and to the maximum extent permitted by law, expressly disclaims responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this section.

Other than as set out below or elsewhere in this Prospectus, all persons named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation of or distribution of this Prospectus do not have, and have not had in the two years before the date of this Prospectus, any interest in:

- the formation or promotion of Timah;
- property acquired or proposed to be acquired by Timah in connection with its formation or promotion of the offers of securities under this Prospectus; or
- the offers of securities under this Prospectus,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) and no other benefit has been given or agreed to be given to any of those persons for services provided by those persons in connection with the formation or promotion of Timah or the offers of securities under this Prospectus.

Allion Legal is entitled to be paid $167,500 (plus GST) for advice and assistance in relation to certain aspects of this Prospectus, assisting Timah in relation to its due diligence regime

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and enquiries and in relation to application for quotation of the New Shares on ASX. Apart from these services, Allion Legal has not provided professional services to Timah in the two years prior to the date of this Prospectus.

Chris Koh & Chew is entitled to be paid RM 40,584 (approximately AUD 14,500 on an exchange rate of RM 2.80 = AUD 1.00) for advice and assistance in relation to certain aspects of this Prospectus, and assisting Timah in relation to its due diligence regime and enquiries in Malaysia. Apart from these services, Chris Koh & Chew has not provided professional services to Timah in the two years prior to the date of this Prospectus.

Hall Chadwick Corporate is entitled to be paid $15,000 (plus GST) for advice and assistance in relation to taxation aspects of this Prospectus, and for providing the Independent Accountant's Report for this Prospectus. Hall Chadwick has been paid $75,180 (plus GST) for the provision of audit services to Timah in the two years prior to the date of this Prospectus.

13.9 Consents

Allion Legal has given, and has not withdrawn, its consent to be named in this Prospectus as legal adviser to Timah in relation to the Offers in the form and context in which it is named. Allion Legal has not authorised or caused the issue of this Prospectus and takes no responsibility for any part of this Prospectus other than references to its name.

Chris Koh & Chew has given, and has not withdrawn, its consent to be named in this Prospectus as legal adviser to Timah in relation to the Offers in the form and context in which it is named. Chris Koh & Chew has not authorised or caused the issue of this Prospectus and takes no responsibility for any part of this Prospectus other than references to its name.

Hall Chadwick Corporate and Hall Chadwick have given, and has not withdrawn, their consent to be named in this Prospectus as investigating accountant in relation to the Offers in the form and context in which it is named. Neither Hall Chadwick Corporate nor Hall Chadwick have authorised or caused the issue of this Prospectus and they take no responsibility for any part of this Prospectus other than references to their names.

Each member of senior management (including the Incoming Directors and Outgoing Directors) has given, and has not withdrawn, his or her consent to be named in this Prospectus as a Director or member of senior management, in the form and context in which they are so named. Members of senior management (other than those who are also Incoming Directors or Outgoing Directors) have not authorised or caused the issue of this Prospectus and take no responsibility for any part of this Prospectus other than references to their names.

No person named in this **section 13.9** (with the exception of the Incoming Directors and Outgoing Directors):

- has authorised or caused the issue of this Prospectus; nor
- makes any statement in this Prospectus other than a statement or report included in this Prospectus with their express consent.

Some laws impose obligations that cannot be excluded. To the maximum extent permitted by law, each person named in this **section 13.9** expressly disclaims, and takes no responsibility for, all parts of this Prospectus other than any statement expressly attributable to them in the Prospectus.

References to Boardroom Pty Limited appear for information purposes only. Boardroom Pty Limited has not been involved in, authorised or caused the issue of this Prospectus.

13.10 Restriction Agreements

In accordance with the requirements of the Listing Rules, Cash Nexus will enter into Restriction Agreements in relation to the Consideration Shares at the completion of the Offers.

Under the Restriction Agreements, Cash Nexus will agree to not sell, dispose of or encumber the Restricted Securities controlled by them until 24 months from the date of Listing.

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The Restricted Securities may be disposed of when a takeover offer is made to acquire all of the Shares or there is a merger by way of scheme of arrangement.

Section 11 sets out the rights attaching to Shares in greater detail.

The table below shows the likely number of Restricted Securities and the % of Issued Shares restricted assuming the Offers are fully subscribed. Please note that ASX may decide that additional Shares held by existing Shareholders may also be Restricted Securities at the time of considering Timah's application for ASX listing, and these have not been factored into the table below. If ASX decides that additional Shares are Restricted Securities, the "% restricted" will increase and the "% free" will decrease in the table below.

Restricted securities	Issued Shares	% restricted	% free
44,414,744[1]	97,876,313[2]	45.38%	54.62%

1. Restricted securities comprise the 42,750,000 Consideration Shares, the 541,372 Shares held directly and indirectly by Mr Jack Tan and the 1,123,372 Shares held directly and indirectly by Mr Lawrence Nguyen.
2. Issued Shares includes Restricted Securities and assumes the Offers are fully subscribed.

13.11 Expenses of the Acquisition, Offers and ASX Listing

The total estimated expenses for the Acquisition, Offers and for achieving a listing on the ASX payable by Timah including, advisory fees, legal fees, printing costs, public relations costs and other miscellaneous expenses are estimated to be $370,000 as per the table below. $50,000 of the funds raised under the Offers will be put towards the remaining costs, with the remainder to be covered by Timah using the Timah Pasir Loan (see **section 12.12**).

Expenses of the Acquisition, Offers and ASX listing	$
Investigating accountants — Hall Chadwick Corporate	A$20,000 (+GST)
Legal (Australia) — Allion Legal	A$162,500 (+ GST)
Legal (Malaysia) – Chris Koh & Chew	RM40,584 (approximately A$14,500)*
Financial (Malaysia) – KC Chia & Noor	RM40,700 (approximately A$14,540)*
Independent Expert's Report	A$16,500 (+ GST)
Other — including stockbroker, ASX, ASIC, printing and share registry etc.	A$141,960
Total	**A$370,000**

* Based on an exchange rate of RM2.80 = AUD1.00

13.12 Related Party Agreements

Timah and Mistral have entered into a number of agreements with Related Parties, as described in this Prospectus (**Related Party Agreements**). The Directors are comfortable the Related Party Agreements are on an arm's length basis as:

(a) the Outgoing Directors have approved the Related Party Agreements; and

(b) either:

(i) the Related Party Agreements are on terms that would be reasonable in the circumstances if the parties were dealing at arm's length, or less favourable to the Related Party than would be obtained at arm's length; or

(ii) the Shareholders have approved the Related Party Agreements where required under Chapter 2E of the Corporations Act or NSX Listing Rule 6.43.

Timah is not a party to any Related Party Agreement other than as set out in this **section 13.12**.

13.13 Litigation

The Directors are not aware of any litigation of a material nature pending or threatened involving Timah or Mistral.

13.14 Taxation considerations

The following comments provide an overview of the Australian taxation implications for Australian resident investors who acquire shares under the Offers. The scope of these taxation comments are as follows:

(a) the comments provided below are general in nature. They do not take into account the specific circumstances of each investor and as such do not constitute taxation advice to any particular investor. Investors should obtain separate advice that relates to their particular circumstances;

(b) the comments are based on Australian income tax law current at the time of writing. However, they are summary in nature and are not intended to be a complete statement of the law as it stands relevant to all possible circumstances of any potential investor;

(c) the comments provide information relevant to Australian resident taxpayers that are individuals, companies, partnerships, trusts and complying superannuation funds, other than those excluded below;

(d) the comments do not consider the taxation implications for non-resident taxpayers, companies other than those taxed at a flat rate of 30%, Authorised Deposit-taking Institutions, limited partnerships, entities exempt from income tax and non-complying superannuation funds or any entity of a type not mentioned above. These investors should obtain their own advice as to the taxation implications of acquiring shares; and

(e) the information provided in these comments in relation to the disposal of shares is applicable to taxpayers holding the shares as capital assets and does not apply to investors carrying on a business of share trading or otherwise holding the shares on revenue account.

Taxation of dividends

The shares to be issued by Timah will be equity interests for Australian taxation purposes. Any dividends paid in respect of these shares will generally constitute assessable income to Australian residents.

Timah may also choose to frank these dividends if it has franking credits available. To the extent that franking credits are attached to dividends paid, the franking credits will generally also constitute assessable income to the investors. The investor should then be entitled to an offset, equal to the amount of the franking credits. This would apply to reduce the amount of tax payable by the investor.

In order to be entitled to a franking credit offset, the investor must be a "qualified person". This would generally be the case if they hold the shares at risk for at least 45 days, or satisfies one of several other tests. Investors not entitled to the benefit of the franking credit offset in such circumstances would generally not include the amount of the franking credits in their assessable income. Investors should obtain advice particular to their circumstances on their eligibility to receive the benefit of franking credits.

On 14 May 2013, the Commonwealth Government announced changes to the "dividend washing" provisions that would change the operation of the above 45 day rule. To date, no legislation has been introduced to implement this proposed change. In broad terms, if the effective tax rate of an entity is higher than 30%, they will usually be required to pay additional tax on the franked dividends. If their effective tax rate is less than 30%, the

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franking credits on a fully franked dividend would generally offset their other tax liabilities or they may receive a refund of the excess.

Individual and complying superannuation fund investors may be entitled to a refund if the franking credits exceed their tax payable. Corporate shareholders will generally not be entitled to a refund but may be able to convert any excess franking credits to carried forward losses. Timah investors will also include any franking credits received in their own franking account.

In the case of trustees (except trustees of complying superannuation funds) of trusts where no beneficiary is presently entitled to all or part of a dividend in a given income year, the trustee will be liable to taxation on this amount. In these circumstances, the trustee will receive the benefit of any franking credits in reducing their tax payable, but will not be entitled to a refund of any excess franking credits.

Additionally, entities holding the shares as trustees (except as trustees for complying superannuation funds) will generally be able to attach the franking credits to distributions made to presently entitled beneficiaries if the trust has sufficient taxable income as well as income as defined by its trust deed, provided its trust deed allows this. Partners in partnerships holding the shares will receive a portion of the dividend and any attached franking credits in accordance with their partnership interest. The taxation treatment for beneficiaries and partners would then generally be as described above, depending on the entity type of the beneficiary or partner. Trustees should obtain taxation advice regarding this that is specific to their circumstances.

Taxation on disposal of Shares

Investors holding the shares in Timah who are not conducting a business of buying and selling shares will generally hold them as capital assets. Upon disposal, they will be taxed on any capital gain under the Capital Gains Tax (**CGT**) provisions.

In broad terms, the capital gain is calculated as the proceeds from sale less the costs of acquiring the shares, certain other costs of ownership and incidental costs.

If investors have carried forward capital losses from previous capital transactions, they may be able to apply these to a capital gain from the disposal of Timah shares, in order to reduce their net capital gain.

If the costs of acquisition and certain other costs exceed the proceeds, a capital loss may arise. The investor is entitled to offset this loss against any capital gains crystallised in the current financial year. To the extent that a net loss still remains, the investor is entitled to carry this forward to future years to offset against other capital gains, subject to continuing to meet the relevant eligibility criteria.

Certain shareholders may be eligible to apply the CGT discount to reduce their taxable net capital gain. In order to apply this discount, the investors must hold the shares disposed of for longer than 12 months. The availability of the discount is also determined by the nature of the investor. The CGT discount is only applied to the net capital gain remaining after recoupment of current and prior year capital losses.

The following table shows whether the discount is available and what percentage it takes given the nature of the shareholder:

Entity type	Discount availability/percentage
Individual	50%
Complying superannuation fund	33 1/3%
Company	Not available
Trustee (not of a complying superannuation fund) where no beneficiary is entitled	Not available

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Entity type	Discount availability/percentage
Presently entitled beneficiary of a trust or partner in a partnership	As per the entity type of the beneficiary/partner above in this table

Trustees should seek their own tax advice if they seek to invest in Timah.

TFN/ABN withholding

Investors may be asked to provide Timah with a Tax File Number or for business investors, an Australian Business Number. Shareholders are not required to provide a TFN or ABN, however if Timah has not received this information it may be required to withhold an amount from dividends paid to these investors and remit it to the Australian Taxation Office. This amount would then be offset against the investor's tax liability.

Goods and Services Tax

The supply of shares in Australia is an input taxed supply for Goods and Services Tax (**GST**) purposes. Accordingly there will be no GST charged on the issue of Timah shares and investors would not be required to apply GST to any subsequent sale. They would also not be entitled to claim any input tax credits for the acquisition of the shares.

Shareholders that are registered or required to be registered for GST should obtain taxation advice regarding the effect of investing on their ability to claim input tax credits on other acquisitions.

Stamp/Transfer Duty

All Australian states and territories have abolished stamp or transfer duty on the sale and purchase of shares in listed companies. As such, no duty will be payable in relation to the disposal or acquisition of Timah shares.

13.15 Privacy Act

If you complete an application for Shares, you will be providing personal information to Timah and Boardroom Pty Limited (**Share Registry**), which is contracted by Timah to manage Applications. Timah and the Share Registry on Timah's behalf, collect, hold and will use that personal information to process your Application, service your needs as a Shareholder, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

If you do not provide the information requested in an Application, Timah and the Share Registry may not be able to accept or process your Application.

Your personal information may also be provided to Timah's agents and service providers on the basis that they deal with such information in accordance with Timah's privacy policy. The types of agents and service providers that may be provided with your personal information and the circumstances in which your personal information may be shared are:

(a) the Share Registry for ongoing administration of the register of members;

(b) printers and other companies for the purpose of preparation and distribution of statements and for handling mail;

(c) market research companies for the purpose of analysing the Shareholder base and for product development and planning; and

(d) legal and accounting firms, auditors, contractors, consultants and advisors for the purpose of administering, and advising on, the Shares and associated actions.

You can access, correct and update the personal information that we hold about you. Please contact Timah or its registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

If an applicant becomes a Shareholder, the Corporations Act requires Timah to include information about the Shareholder (including name, address and details of the Shares held) in its public register of members. The information contained in Timah's register of members must remain there even that person ceases to be a Shareholder. Information contained in

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Timah's register of members is also used to facilitate dividend payments, corporate communications (including Timah's financial results, annual reports and other information that Timah may wish to communicate to its Shareholders) and compliance by Timah with legal and regulatory requirements. An applicant has a right to gain access to their personal information that Timah and the Share Registry hold about that person, subject to certain exemptions under law. A fee may be charged for access.

Applicants can obtain a copy of Timah's privacy policy by visiting Timah's website www.timahresources.com.au.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) (as amended), the Corporations Act and certain rules.

By submitting an Application, you agree that Timah and the Share Registry may communicate with you in electronic form or contact you by telephone in relation to the Public Offer.

13.16 ASX Admission and quotation

Timah will apply to ASX for admission to the official list of ASX and quotation of the Shares on the exchange operated by the ASX within 7 days of the date of this Prospectus.

13.17 Governing law

This Prospectus and the contracts that arise from the acceptance of the Applications are governed by the laws applicable in New South Wales, Australia and each Applicant submits to the exclusive jurisdiction of the courts of New South Wales, Australia.

13.18 Expiry date

No Shares will be allotted or issued on the basis of this Prospectus later than the date which is 13 months after the date of this Prospectus (**Expiry Date**).

13.19 Statement of Directors

The Directors report that after due enquiries by them, in their opinion, since the date of the pro forma financial statements in **section 6**, there have not been any circumstances that have arisen that have materially affected or will materially affect the assets and liabilities, financial position, profits or losses or prospects of Timah, other than as disclosed in this Prospectus.

13.20 Authorisation of this Prospectus

Each Director has authorised the issue of this Prospectus and has consented to the lodgement of this Prospectus with ASIC.

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14. GLOSSARY

A$**, **$ and **dollars** means Australian dollars, unless otherwise stated.

Acceptance Test has the meaning given in **section 3.15**.

Acquisition means the purchase of all of the issued shares in Mistral by Timah from Cash Nexus, in consideration for Timah issuing the Consideration Shares to Cash Nexus.

Applicant means a person who submits an Application together with the relevant Subscription Amounts.

Application means an application for New Shares under the Application Form.

Application Form means the entitlement and acceptance form attached to or accompanying this Prospectus.

ASIC means the Australian Securities and Investments Commission.

Associate has the meaning given in section 12 of the Corporations Act, that is, a person (the second person) is an Associate of the primary person if, and only if, one or more of the following paragraphs applies:

(a) the primary person is a body corporate and the second person is:

(i) a body corporate the primary person controls; or

(ii) a body corporate that controls the primary person; or

(iii) a body corporate that is controlled by an entity that controls the primary person;

(b) the second person is a person with whom the primary person has, or proposes to enter into, a relevant agreement for the purpose of controlling or influencing the composition of the designated body's board or the conduct of the designated body's affairs;

(c) the second person is a person with whom the primary person is acting, or proposing to act, in concert in relation to the designated body's affairs,

and **Associated** has the corresponding meaning.

ASX means ASX Limited (ABN 98 008 624 691) or the market operated by that entity, as the context requires.

ASX Approval means ASX's written approval for ASX Admission.

ASX Admission means the admission of Timah to, and the quotation of its Shares on, the official list of ASX.

ASX Listing Rules or **Listing Rules** means the ASX Listing Rules published by ASX.

ASX Settlement means ASX Settlement Pty Ltd (ABN 49 008 504 532).

ASX Settlement Operating Rules means the settlement rules of ASX Settlement.

Board means the board of Directors.

Call Option means the call options issued under the Call Option Agreement.

Call Option Agreement means the document titled 'Call Option Agreement' between Cash Nexus and Timah Pasir Sdn. Bhd (**TPSB**) dated 10 October 2014, under which TPSB granted Cash Nexus the option to acquire up to 9,500,000 Timah Shares from TPSB on a pre-Consolidation basis at any time within one year from the date of the Call Option Agreement or up to the completion date of the Consolidation, whichever occurs earlier, for a total cash consideration of up to AUD950,000 (equivalent to RM2,643,470).

Cash Horse means Cash Horse (M) Sdn Bhd (company no. 785805-W), a 70% owned subsidiary of Cash Nexus.

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Cash Horse POME Supply Agreement means the Supply of Palm Oil Mill Effluent Agreement between Mistral and Cash Horse dated 8 May 2015.

Cash Horse Pipeline means a dedicated pipeline connecting the EFB Plant to the Plant.

Cash Nexus means Cash Nexus (M) Sdn. Bhd. (company no. 860411-U).

Cash Nexus Parties means Cash Nexus and its Associates (including CGB).

CDM means the Clean Development Mechanism under the Kyoto Protocol.

CERs means Certified Emission Reductions that are generated by Mistral.

CGB means Cepatwawasan Group Berhad, a company listed on the Bursa Malaysia.

CGB Loan means the loan between CGB and Mistral dated 8 May 2015, as more fully described in **section 12.7**.

CHESS means ASX Clearing House Electronic Sub-register System.

Clean Development Mechanism and **CDM** means a Clean Development Mechanism project under the Kyoto Protocol which entitles the Plant to generate and sell CERs.

Closing Date means 31 July 2015, or such other date as may be determined by the Directors under this Prospectus.

CMSA means Malaysia's Capital Markets and Services Act 2007.

Completion means completion of the transactions under the Share Sale Agreement.

Consideration Shares means 85,500,000 Shares at A$0.10 per Share to be issued by Timah to Cash Nexus in consideration for the sale of Mistral by Cash Nexus to Timah.

Consolidation means the 1 for 2 consolidation of the Shares approved by Shareholders at the Shareholders Meeting.

Constitution means the constitution of Timah as at the date of this Prospectus.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the Incoming Directors and the Outgoing Directors and **Director** means any one of them.

Distribution Licensee means the holder of a distribution licence under the Electricity Supply Laws, and in the context of the Grid REPPA is Sabah Electricity Sdn Bhd.

DOE means the Department of Environment of Sabah.

EFB Mill means the empty fruit bunch press station owned and operated by Cash Horse that is adjacent to the Plant and connected to the Plant by the Cash Horse Pipeline.

Electricity Supply Laws means the Malaysian *Electricity Supply Act 1990* and its subsidiary legislation.

Entitlement or **Right** means a Shareholder's entitlement to subscribe for Shares offered by this Prospectus.

Environmental Laws means the Malaysian *Environmental Quality Act 1974* and *Environmental Quality (Licensing) Regulations 1977*.

Existing Share means a fully paid ordinary share in the capital of Timah on issue as at the Record Date.

Expiry Date has the meaning given in **section 13.18**.

Exposure Period means the period of 7 days after lodgement of this Prospectus with ASIC, during which Timah will not be allowed to accept applications for New Shares. ASIC may extend the 7 day exposure period to a maximum of 14 days in some circumstances.

Feed-in Approval means a feed-in approval certificate issued by SEDA which entitles the holder to sell renewable electricity at the FiT Rate (subject to any other required licences being obtained).

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FiT means the feed-in tariff payable for electricity generated under the Renewable Energy Laws.

FiT Commencement Date has the meaning given in **section 2.8(c)**.

FiT Rate means the feed-in tariff rate which is the premium rate fixed and published by SEDA for each unit of renewable energy sold and includes bonus rates which apply when specific criteria are met.

FYE means financial year ended.

Grid means the national electricity grid of Malaysia.

GTF Scheme means the Green Technology Financing Scheme, as described in **section 2.6**.

GTF Scheme Loan means the loan made under the GTF Scheme between AmBank (M) Berhad and Mistral dated 29 June 2010, as more fully described in **section 12.4**.

Guaranteed PBT means a guarantee provided by Cash Nexus to Timah that the audited profit before tax of Mistral for FYE 31 December 2015 will not be less than A$900,000.00, as described in **section 5.6**, by agreeing to pay Timah the amount of any Shortfall.

Hall Chadwick Corporate means Hall Chadwick Corporate (NSW) Limited.

Incoming Directors means Dato' Seri Mah King Seng, Dato' Seri Mah King Thian, Soong Swee Koon, Lee Chong Hoe, Michelle Siew Yee Lee and Jack Tian Hoc Tan.

Incoming Non-Independent Directors means Dato' Seri Mah King Seng, Dato' Seri Mah King Thian and Soong Swee Koon.

ITA means the Income Tax Allowance granted under the *Promotion of Investments Act 1986* (Malaysia) and the *Promotion of Investments (Amendment) Act 2007* (Malaysia).

Lease means Country Lease No. 075561910 for Lot 2 in Sungai Segaliud, District of Sandakan, State of Sabah, Malaysia.

Listing means ASX Admission.

Listing Rules or **ASX Listing Rules** means the official listing rules of the ASX.

MHC means MHC Plantations Bhd.

Mistral means Mistral Engineering Sdn. Bhd. (Timah No. 588127-H).

Mistral Directors means Dato' Seri Mah King Seng and Dato' Seri Mah King Thian.

MW means a million watts of energy.

MWh means a MW hour.

New Share means a Share to be issued under the Public Offer under this Prospectus.

NSX means the National Stock Exchange of Australia Limited (ABN 11 000 902 063).

NSX Listing Rules means the Business Rules and Listing Rules published by NSX.

Offer Price means A$0.20 per New Share.

Offers means the Public Offer and the Placement.

Official Quotation means official quotation on ASX.

Option means an option to subscribe for a Share.

Original Timah Shareholders means the Shareholders at the date of this Prospectus (excluding the Cash Nexus).

Outgoing Directors means Jack Tian Hock Tan, Lawrence Nguyen and Ting Teck Kai.

Placement means the offer of 10 million New Shares at Offer Price per New Share to Cash Nexus or its nominee.

Placement Shares means the Shares issued to Cash Nexus or its nominee under the Placement under this Prospectus.

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Plant means Mistral's approximately 3MW biogas power plant, located near each of the PYSB Mill and the EFB Mill in Sandakan, Sabah, Malaysia.

Plant Upgrade means the upgrade of the Plant to be undertaken by Veolia as described in **section 3.13**.

Plant Upgrade Contract means the contract between Mistral and Veolia dated 25 March 2015 to upgrade the Plant and water treatment facilities to 3.5MW, as more fully described in **section 12.4**.

Plant Upgrade Services means the services in relation to the Plant Upgrade to be provided by Veolia under the Plant Upgrade Contract.

POME means palm oil mill effluent.

Prospectus means the replacement prospectus constituted by this document (including the electronic form of this Prospectus).

Proposed Transactions means the Acquisition, the Consolidation, the issue of the Placement Shares and the issue of the Public Offer Shares.

Public Offer means the public offer to investors of approximately 5,000,000 New Shares at the Offer Price per New Share.

Public Offer Shares means New Shares to be issued to subscribers who accept the Public Offer.

PYSB means Prolific Yield Sdn. Bhd.

PYSB Mill means a palm oil mill owned and operated by PYSB that is adjacent to the Plant and connected to the Plant by the PYSB Pipeline.

PYSB Pipeline means a dedicated pipeline connecting the PYSB Mill to the Plant.

PYSB REPPA means Renewable Energy Power Purchase Agreement between Mistral and PYSB dated 22 August 2009, as amended by supplemental agreements dated 25 October 2012 and 1 January 2014, and variation deed dated 20 June 2015.

PYSB POME Supply Agreement means the Supply of Palm Oil Mill Effluent Agreement between Mistral and PYSB (as amended) dated 8 May 2015.

Qualified Person has the meaning given in **section 3.15**.

Related Party means a person or entity who is a related party for the purpose of section 228 of the Corporations Act.

Related Party Agreement has the meaning given in **section 13.12**.

Reliability Test has the meaning given in **section 3.15**.

Renewable Energy Laws means the Malaysian *Renewable Energy Act 2011* and its subsidiary legislation.

Resolutions means the resolutions approved by the Original Timah Shareholders at the Shareholders Meeting, as set out in **section 4.11**.

Restricted Securities has the meaning given in the ASX Listing Rules.

RM means Ringgit Malaysia.

SEDA means Sustainable Energy Development Authority Malaysia.

Share means a fully paid ordinary share in the capital of Timah.

Share Registry means Boardroom Pty Limited ABN 14 003 209 836.

Share Sale Agreement means the Share Sale Agreement between Timah and Cash Nexus dated 10 August 2014, as amended (including by Supplemental Agreement between Timah and Cash Nexus dated 13 November 2014).

Shareholder means a holder of Shares from time to time.

Shareholders Meeting means the extraordinary general meeting of the shareholders of Timah held on 17 March 2015.

Shortfall has the meaning in **section 5.6**.

Subscription means a subscription for some or all of the amount of $1,000,000 under the Public Offer.

Subscription Amounts means the money received from Applicants in respect of their Application.

tFFB/hr means tonnes of fresh fruit bunch per hour.

Timah means Timah Resources Limited (ABN 69 123 981 537).

Transactions means the Acquisition, Consolidation and Offers.

US Person has the meaning given to that term in Regulation S under the US Securities Act.

US Securities Act means the United States Securities Act of 1933, as amended.

Veolia means Veolia Water Solutions & Technologies Sdn Bhd.

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15. CORPORATE DIRECTORY

Directors

Mr Jack Tan (Executive Chairman)

Mr Lawrence Nguyen (Non Executive Director)

Mr Ting Teck Kai (Non Executive Director)

Share Registry

Boardroom Pty Limited*
Level 12
225 George Street
Sydney NSW 2000

Telephone: 1300 737 760
Telephone: +61 2 9290 9600 (Overseas)

Timah Secretary

Mr Andrew Wallis

Auditors

Hall Chadwick
40/2 Park Street
Sydney NSW 2000

Solicitors

Allion Legal
Level 5, Angel Place
123 Pitt Street
Sydney NSW 2000

Registered Office

Suite 2501, Level 25, St Martins Tower
31 Market Street
Sydney NSW 2000

Telephone :+61 2 9267 4633
Facsimile: +61 2 9267 4388

ASX Code: TML

ABN: 69 123 981 537

Website: www.timahresources.com.au

*This entity has not been involved in the preparation of this Prospectus. Its name is included for information purposes only.

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